THE REPUBLIC OF UGANDA

Annual Budget Monitoring Report
July 2009 - June 2010

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Ministry of Finance, Planning and Economic Development
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ABBREVIATIONS AND ACRONYMS

ACTs	Artemisinin Combined Therapies
ADB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
B.O.Qs	Bills of Quantities
BBW	Banana Bacterial Wilt
BC	Broadcasting Council
BCP	Brick laying and Concrete Practice
BECS	Bundibugyo Energy Cooperative Society
BEL	Bujagali Energy Limited
BIDRC	Banana Industrial Research and Development Center
BMAU	Budget Monitoring and Accountability Unit
BOQs	Bills of Quantities
BTVET	Business Technical Vocational Education and Training
CAIIP	Community Agricultural Infrastructure Improvement Programme
CAO	Chief Administrative Officer
CFO	Chief administrative Officer
CJ	Carpentry and Joinery
CMG	Critical Mass Group
CMU	Construction Management Unit
DBICs	District Business Information Centers
DBST	Double Bituminous Surface Treatment
DCO	District Commercial Officer
DEO	District Education Officer
DHO	District Health Office/Officer
DIS	District Inspector of School
DISO	District Internal Security Officer
DLSP	Districts Livelihood Support Programme
DRC	Democratic Republic of Congo
DUCAR	District, Urban and Community Access Roads
DVO	District Veterinary Officer
DWD	Directorate of Water Development

DWO	District Water Office
DWSCG	District Water and Sanitation Conditional Grant
ECOSAN	Ecological Sanitation
EDF	European Development Fund
EFT	Electronic Funds Transfer
EPC	Engineering, Procurement and Construction
ERA	Energy Regulatory Authority
ERT	Energy for Rural Transformation
EUR	Euro
FFA	Food for Assets
FFS	farmer Field Schools
FGD	Focus Group Discussion
FY	Financial Year
GISO	Gombolola Internal Security Officer
GoU	Government of Uganda
GTZ	German Development Corporation
H.E	His Excellence
HC	Health Center
HEP	Hydro-electric plant
HIV	Human Immunodeficiency Virus
HSD	Health Sub District
IDA	International Development Agency
IDA	International Development Association
IDB	Islamic Development Bank
IDP	Internally Displaced Person
IFMS	Integrated Financial Management System
IPC	Interim Payment Certificate
IPF	Indicative Planning Figure
IPPM/BBW	Integrated Pests and Disease Management
ITP	Industrial Technology Park
JBIC	Japanese Bank for International Cooperation
JICA	Japan International Cooperation Agency

JMS	Joint Medical Stores
KCC	Kampala City Council
KfW	KfW Bankengruppe
KIIDP	Kampala Institutional and Infrastructure Development Programme
Km	Kilometre
LC	Local Council
LG	Local Government
LGDP	Local Governments Development Programme
LGMSD	Local Government Management and Service Development Programme
LRDP	Luwero – Rwenzori Development Programme
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, departments and agencies
MEMD	Ministry of Energy and Mineral Development
MFIs	Microfinance financial institutions
MFPED	Ministry of Finance, Planning and Economic Development
MoES	Ministry of Education and Sports
MoH	Ministry of Health
MoICT	Ministry of Information and Commutations Technology
MOLG	Ministry of Local Government
MoPS	Ministry of Public Service
MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MSC	Microfinance support centre ltd
MT	Metric Tonne
MTEF	Medium Term Expenditure Framework
MTTI	Ministry of Tourism, Trade and Industry
MV	Motor Vehicle
MWE	Ministry of Water and Environment
NCDC	National Curriculum Development Centre
NCR	Northern Corridor Route
NEMA	National Environmental Management Authority
NITA-U	National Information Technology Authority-Uganda

NLPIP	National Livestock Productivity Improvement Project
NMS	National Medical Stores
NSADP	North West smallholder agricultural development project
NTC	National Teachers' College
NUREP	Northern Uganda Rehabilitation Programme
NWSC	National Water and Sewerage Corporation
OHS	Occupational Health and Safety
OPD	Outpatient Department
OPM	Office of the Prime Minister
PACMECS	Pader-Abim Community Multi Purpose Electric Cooperative Society Limited
PAF	Poverty Action Fund
PAT	Provisional Acceptance Test
PCIC	Per Capita Investment Cost
PDU	Procurement and Disposal Unit
PER	Public Expenditure Review
PHC	Primary Health Care
PIBID	Presidential Initiative on Banana Industrial Development
PO	Private Operator
PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Public Private Partnership
PRDP	Peace Recovery and Development Plan
PREEP	Promotion of Renewable Energy and Energy Efficiency Programme
PRISEEE	Participatory Rural Initiative to Save Environment and Energy
PS	Primary School
PS/ST	Permanent Secretary/ Secretary to Treasury
PTC	Primary Teachers' College
QEI	Quality Enhancement Initiative
RAP	Resettlement Action Plan
RC	Roman Catholic
RCs	Registrar of Co-operatives
RDC	Resident District Commissioner
REA	Rural Electrification Authority

RFSP	Rural financial services programme
RGC	Rural Growth Centre
RRP	Rural Roads Programme
RSSP	Road Sector Support Programme
S/C	Sub County
SACCO	Savings, Credit and Cooperative Organization
SEZ	Special Economic Zones (SEZ)
SFG	School Facilities Grant
SHSSP	Support to the Health Sector Strategic Plan
SIDA	Swedish International Development Cooperation Agency
SMEs	Small and medium enterprise
T/C	Town Council
TAF	Technical Assistance Fund
TVET	Technical Vocational Education and Training
UA	Unit of Account
UCA	Uganda Cooperative Alliance
UCC	Uganda Communications Commission
UCSCU	Uganda Co-operative Savings and Credit Union
UEDCL	Uganda Electricity Distribution Company Limited
UETCL	Uganda Electricity Transmission Company Limited
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
UNBS	Uganda National Bureau of Standards
UNICEF	United Nations International Children's Emergency Fund
UNRA	Uganda National Roads Authority
UNRA	Uganda National Roads Authority
UPE	Universal Primary Education
URF	Uganda Road Fund
US$	United States Dollars
USE	Universal Secondary Education
UShs	Uganda Shillings
VAT	Value Added Tax

VIP	Ventilated Improved Pit
VoIP	Voice over Internet Protocol
WFP	World Food Programme
WSB	Water and Sanitation Board
WSDF-E	Water and Sanitation Development Facility – East
WSDF-N	Water and Sanitation Development Facility – North
WUC	Water User Committee

Foreword

Government is bent on enhancing effectiveness of implementation of public programmes. To this effect budget monitoring reports are produced on a regular basis to inform policy decisions. The focus continues to be on the priority areas of agriculture; education; energy; health; ICT, industrialization; roads; and water and sanitation.

This annual budget monitoring report gives an overview of financial and physical performance for selected programmes in the noted areas. Within the sectors, development expenditures are prioritized except in cases of education and health where some recurrent costs are tracked.

The report findings from field observations give actual performance on the ground of the various spending agencies. The key implementation challenges identified should inform policy decisions in the various institutions.

It is hoped that the relevant sectors and departments will use the findings therein to ensure enhanced effectiveness of implementation with a view to attaining value for money for public expenditures.

Keith Muhakanizi

For Permanent Secretary/ Secretary to the Treasury

Executive Summary

Background

Government stepped up its monitoring efforts geared towards enhanced effectiveness of public expenditures. The focus is on agriculture; education; energy, health; industrialization; ICT; roads; water and sanitation; and micro-finance.

This report is based on selected key programmes that have been followed throughout the FY 2009/10. Selection was based on significance of budget allocations to the votes within the sector budgets; focus being on large expenditure programmes, preference has been given to development expenditures except in the cases of education, road maintenance and health where some recurrent costs are tracked.

Findings

Financial Performance

Financial performance

A) Central Government/Ministries

- **Releases.**

There was no institution among those monitored whose receipts were 100% of the approved domestic annual budget but it was in the range of 53%- 99%. UNRA had the least release performance of 53%. *This was attributed to the requirement of proof of absorption of the funds and also tightened accountability measures for the MDA's to access quarterly releases whereby the sectors are required to timely submit the performance form A and the quarterly progress reports.*

- **Absorption of funds**

Regarding the absorption of the funds received, there was generally good attempt to spend all the funds received 998% - 100%) for the ministries, departments and agencies (MDAs) monitored as per the IFMS. However, higher rates of expenditures were skewed during the fourth quarter as compared to the first three quarters. This implies that most projects are implemented in the fourth quarter

- **Reallocations**

There were a number of reallocations within the vote functions and or projects. The votes affected were Vote 019 Ministry of Water and environment and Vote 016 Ministry of works and transport where a number of projects had their budgets decreased or increased. Reallocation of funds between the projects implies that there was poor planning on the part of the sector at the initial stages of budgeting whereby activities were not properly costed.

Budget trend analysis

On the budget trend analysis, most of the spending agencies registered an increment in the approved budget amounts over the two financial years of 2008/2009 and 2009/2010. The sectors which recorded an increment were: Ministry of agriculture, animal industry nad fisheries (MAAIF) (31%); Ministry of water and environment (38%); Ministry of energy and mineral development (MEMD) (58.2%); Ministry of education and sports (MOES) (25%); UNRA 17% and Presidential initiative on banana (64.5%).There were declines in Ministry of health (MOH)(0.5%) and the industrial parks was a decrease of 62%.

- **Supplementary releases**

There was additional supplementary budget of UShs 2.2 billion to cater for taxes under Vote 014- Ministry of Health. This affected four projects 0216 District infrastructure support programme; 0224 Imaging and theatre equipment; 1027 Institutional support to the Ministry of Health and 1123- Health systems strengthening.

B) DISTRICTS

- **Lack of timely information on adjustments in the IPF figures.**

Some districts still complained that changes in the IPFs are not timely communicated to enable them effect changes in the budget and that final releases as indicated in the release schedules were based on the revised budget of which they lacked the information. This therefore affected efficient and effective implementation of the workplan. A case in point was Bundibugyo Local Government where the final release schedules for NAADs and PHC development indicated different figures from the IPF amounts.

- **Internal borrowings**

The CAO and CFO of Bundibugyo LG had diverted LGMSD funds to cater for operational expenses in total disregard of the financial regulations. The borrowing amounted to UShs 351million stretching far back in 2004. This matter raised an audit query but little was done to pay off the funds.

Further, the district spent a total of UShs 75,007,000 being unspent balances as at end of the financial year 2008/2009 which was spent without authority from the PS/ Secretary to the Treasury.

- **Releases**

There was evidence of timely releases (development grant) by the MFPED to the districts and also the districts to the sector accounts. In some cases releases for rural roads were at 100% by the second quarter. Some districts delayed to remit the funds received to the sectors for instance: *There was a delay of the remittance of LGMSD funds totaling to UShs 53,875,000 received by Bududa local government on 30th Jan 2010 but was remitted to the sector four months later on 6th May 2010.*

Absorption of funds

There was generally low absorption of development grant funds received for the period in all the grants monitored in the districts of Bududa, Bundibugyo, Kabarole, Kapchorwa,Mayuge, Sironko,and Tororo. The poor performance was largely attributed to late approval of the budgets as most districts councils approved the budgets in the month of September to November 2009 ; late initiation of the procurement processes by user departments which led to late commencement of the procurement of the contractors.

The lowest absorption levels were registered with the PRDP funds. Some districts that receive the PRDP funds raised the issue of conflicting instructions from the office of the Prime Minister and the MFPED in respect to the management of the funds. OPM insisted that separate PRDP accounts should be opened in which PRDP funds should be banked while the MFPED insisted that sector PRDP funds should be banked on the sector program accounts.

- **Non –remittance of unspent conditional grants to the consolidated fund.**

The case of non- remittance of un-spent conditional grants as at end of the financial year is still prevalent in all the districts sampled. The districts claimed that the unspent balances were committed funds and therefore sought authority from the Secretary to the Treasury to retain the funds. The practice of permitting districts to retain the unspent balances at year end encourages complacency and failure to implement the development budget work plans/ activities timely since they know they will be given permission to spend the money.

The risk of the retained money being spent on unauthorized activities is high.

- **Budget trend analysis**

There was generally no significant change in the annual approved budgets for the FY 2009/2010 as compared to FY 2008/2009. Some of the districts visited had a slight increment while others experienced a downward trend.

Agriculture

Four projects were monitored namely National Livestock Productivity Improvement Project (NLPIP); Agriculture and Marketing Support Project; Support for Tea Cocoa Seedlings Project; and Integrated Pests and Disease Management.

The Agriculture and Marketing Support Project is a World Food Programme (WFP) supported Government of Uganda project with two components: 1) Food for Assets (FFA) component and 2) Market Support Component. The market support component was reviewed. The activities for FY 2009/10 included purchase by WFP of 6,536 metric tonnes of maize and 435 metric tonnes of beans from small scale farmers. This totals to 6,971 metric tonnes of grains; as well as providing grain storage facilities to farmer groups, one each in Masindi, Nakaseke and Sembabule districts.Temporary structures for grain storage were up in Nakaseke and Masindi districts but nothing in Sembabule.

The Integrated Pests and Disease Management project has reported provision of banana plantlets in Hoima, Mayuge and Iganga. However the plantlets had been delivered only in Hoima.

The National Livestock Productivity Improvement Project aimed at increasing household incomes in the cattle corridor through enhanced livestock productivity and marketing. During FY 2009/10 focus was on rehabilitation/construction of cattle dips and cattle crushes; completing of livestock markets, slaughter sheds and water reservoirs. In Isingiro the slaughter shed was completed but was underutilized, while the Busheka livestock market that was also completed was not in use due to poor community participation. In Kamwenge progress had been made on the Town Council Slaughter shed, but the livestock market had stalled. In Kamuli there were delays in construction due to lack of land titles. Buyende district had completed livestock market, and a valley dam (Imeri) which had small defects.In Kumi/Ngora districts, the livestock market was completed, but Ajamaka dam had been handed over by the contractor before completion (although MAAIF reported 100% completion). Kyenjojo/Kyegegwa had progress on Kyenjojo Town Council slaughter shed and Ruyonza market. In Lira works at Abiting Livestock market had been abandoned, while no work had been done at Okwangole Cattle crush, although MAAIF had reported 25%. In Masindi, two out of the planned four infrastructures had been built - the livestock market in Mitooma Parish, Bwijanga Sub-county and one cattle crush in Kijunjuba Parish. The two infrastructures that were not constructed were due to land disputes and lack of land titles. Good work had been done in Sembabule, while Nakaseke and had completed defects at the Town Council slaughter shed. In Nakasongola, Kalongo Livestock market, Migyera Slaughter shed and Bukabi Kyerindura cattle crush were 100% complete although with some defects.

Support for Tea Cocoa Seedlings Project, planned to step up the number of cocoa seedlings distributed to farmers from 300,000 in FY 2008/09 to 500,000 in FY 2009/10. The Support for Tea Cocoa Seedlings Programme is performing fairly well in terms of distribution of cocoa seedlings according to plan. More than 500,000 seedlings have been distributed to farmers during FY 2009/10. However, the target of 1 million seedlings was not met as funds disbursement from MAAIF has been rather slow.

Education

Off-budget support from Royal Netherlands Governments for FY 2008/09 – 2009/10, had its four activities fairly well implemented. These included the supply of water tanks, procurement of motorcycles, procurement and distribution of computers, printers and accessories for all Inspectors of schools as well as support to the National Curriculum Development Centre activities on P.4 curriculum reform. All the other activities on this project were not well implemented; including the supply of P.4-P.7 text books P.1 and P.2 Thematic Curriculum materials to primary schools in the Lango and Acholi sub-regions, and QEI intensity districts; and supply of furniture to selected primary schools in the same region. While some publishers supplied these materials, some did not while others made under deliveries. The government lost money as it paid for goods (books, furniture) that were not supplied. Funds were not properly accounted for under construction of latrines, classrooms and teachers’ houses.

Emergency Construction and Rehabilitation of primary schools

The primary schools visited were, Bukiyi in Sironko; Murago in Rukungiri; St Damascus in Luwero and Ttaba in Wakiso districts. Except Bukiyi all schools had received funds for construction of classrooms. Ttaba and St Damascus had not started construction and funds were still on the school accounts by the time of monitoring.

Development of Secondary Education

The secondary schools of Kigezi College in Kabale; Masaba SS in Sironko, and Sir Samuel Baker SS in Gulu were monitored and all had civil works going on. However in Masaba S.S works were behind schedule.

Seed secondary schools

Five schools were visited. Bagezza Seed S.S and Mbarara Seed S.S. were new constructions and civil works were going on well. Construction in Kidongole Seed S.S. had been completed. However, there were incomplete civil works by the different contractors in the others. At Bugunzu S.S, a staff house with 2 units sub contracted by Spencon was not completed. A latrine and bathroom for the staff house were also not constructed. At Buweswa Seed another staff house was abandoned at walling level by the contractor.

USE schools

Eleven USE schools (Bukooli SS in Bugiri; Kabale SS, Kakungube SS in Mubende, Kamod SS in Soroti, Kyamate SS in Ntungamo, Mpanga SS in Fort Portal, Nkoma SS in Mbale, Pallisa SS , Rubaare SS in Ntungamo, Serere SS in Soroti, and Entebbe Comprehensive SS) visited received the reported funds. Construction was at different stages of completion in the different schools. However in Kabale S.S. the storied block has not been completed as reported in the Budget speech. Good civil works was on-going in Mpanga S.S, Rubaare S.S and Pallisa S.S.

Development of TVET

In Ngugo Technical School in Mbarara, and St. Joseph Kyarubingo TS in Kamwenge civil were almost complete. However in Lumino Community Polytechnic in Busia and Nakaseke Polytechnic works had not started.

BTVET institutions

Kaliro Technical Institute, Madera TI inSoroti, Namisindwa TI in Manafwa and Rugando TI in Mbarara were visited. All the institutions received their funds and works were either going-on or had been completed.

Presidential pledges

MoES prioritized a number of primary schools, secondary schools and BTVET institutions to be constructed during FY 2009/10. The monitoring team selected ten primary schools (Bakulumpagi in Butambala, Bunaiga in Kabarole, Buwama in Mpigi, Kalasa and Kangavve in Luwero, Kateebwa SDA in Kabarole, Kyamusisi in Mityana, Madera Boys in Soroti, Naluggi in Mityana, Semuto in Nakaseke). In Kateebwa SDA (Kabarole district) construction had not started while in Semuto P/S works had stalled due to a disagreement. Construction in the other 8 primary schools was going on according to schedule.

Eleven Senior Secondary schools (Aboke Girls in Apac, Bukinda St. Paul SS in Kabale, Buremba SS in Kiruhura, Isingiro SS, Kamwenge SS, Katalekammese modern SS in Nakaseke, Kibiito SS in Kabarole, Kinoni community high school in Kiruhura, Nyamirama SS in Kanungu, and Rukoni SS in Ntungamo) constructed under the Presidential pledges were monitored. However, in three districts of Ntungamo, Isingiro, and Kabarole, there were delays to transfer funds to the respective schools which delayed the implementation. In one case in Kiruhura district, construction of Buremba S.S. had not started. In the rest of the districts visited, civil works were going on and were at different stages of completion.

Four BTVET institutions (Kasese Youth Community Polytechnic, Kitagwenda TS in Kamwenge, Nakapiripirit TS, and Namutamba Demonstration in Mityana districts) were monitored. The construction had not started for Kasese Youth Community Polytechnique while for Kitagwenda Technical School and Namutamba works were moving on well. Nakapiripirit works had been abandoned.

Inspection Grant

Uganda shs 2.5 billion was provided for the District Inspectorate Departments to supervise the teaching and learning environments in all schools. The funds were disbursed during the FY. The mode of disbursement of the Inspection Grant during FY 2009/10 jeopardized the Inspection operations for most districts in the country. Almost all districts visited reported receiving the first instalment of the Inspection Grant at the end of April (i.e. at the end of Q3).[1] Funds for three quarters were consequently released in one lump-sum to all districts.

Energy

Vote function 0301 (Energy Planning, Management and Infrastructure Development)

- Project 0325 (Energy for Rural Transformation) exhibited poor financial performance during FY 09/10: Although 50% of funds were released in Q3, only 5% of GoU approved budget was expended. Absorption was low because activities under phase II were still in planning stage. The gasifer installations from ERT were revisited and found that none of the three gasifiers were functional.
- Under project 0331 (Rural Electrification) thirteen grid extension schemes during FY 09/10 were monitored, eleven of which had been successfully commissioned. The value for money analysis noted that although the grid extension schemes monitored displayed adequate operational efficiency (generally unit costs were in line with MEMD

[1] This was the case in Lira, Apac, Gulu, Nakapiripirit

guidelines), effectiveness was often poor. Several lines have only managed to connect one or two customers and the planning and design processes were not sufficiently transparent.

- Also under 0331, progress was made in electricity generation, with the completion of Bugoye (13 MW) and Kisiizi (0.3 MW) hydropower projects. It is however unlikely that MEMD will meet its target of 18 MW of increased electricity generation, as works are still ongoing at Buseruka, Mpanga, Ishasha and Nyagak hydropower developments.
- The UEDCL mini electricity grids in Moroto, Moyo and Adjumani acquired new 750 KVA generators during FY 08/09 and continue to receive subsidy for fuel. Interviews with beneficiaries found that local businesses are constrained by the lack of power during daytime hours (subsidy is only provided for five hours of operation in the evenings).
- Under project 0999 (Power Sector Development Operation) Mutundwe thermal plant was was in operation. MEMD are currently undertaking discussions with the World Bank in order to secure the additional funds needed to continue to subsidise Mutundwe until Bujagali hydropower project comes online. Also within 0999, MEMD successfully carried out 195 'Energy Audits' at public and private institutions and is preparing to implement the findings during FY 10/11.
- Project 1023 (Promotion of Renewable Energy and Energy Efficiency Programme) exhibited excellent financial performance and according to progress updates from GTZ, activities are in line to meet annual work plan targets. The energy saving stoves were popular with beneficiaries.
- Works at Bujagali Interconnection Project (1024) are behind schedule because of ongoing land acquisition and resettlement disputes along the Bujagali-Kawanda line. However, the target commissioning date for Bujagali hydropower facility has been moved back to April 2012 consequently the interconnection project could still be completed in time for power generation to commence.
- Feasibility studies are ongoing at Karuma Interconnection Project (project 1025) and Mputa Interconnection Project (project 1026).

Vote function 0302 (Large Hydropower Infrastructure)

- MEMD reported that there was no expenditure or activities undertaken under project 0985 (the Energy Fund) up to Q3 FY 09/10 in *Performance Contract Form A.* However, the Integrated Financial Management System records expenditure of UShs 143 billion. Elsewhere, MEMD officials reported progress on the feasibility study for Karuma hydropower project – suggesting that activities took place but were not reported.

Vote function 0303 (Petroleum Exploration, Development and Production);

- Five of the ten petroleum and gas 'exploration areas' are currently licensed to private developers. The additional five areas will be licensed when the Parliament passes the 'Petroleum Bill'. Drilling and hydrocarbon appraisal activities are ongoing in those areas that are licensed. By June 2010, 40 wells had been drilled.

- The Petroleum Exploration and Promotion Department (PEPD) is undertaking feasibility studies that will assess the viability of: (i) commercial utilisation of the oil and gas that will be produced as part of extended well testing; and (ii) establishment of an oil refinery.
- Substantial funding has been allocated to building the capacity of PEPD to effectively manage the petroleum sector. Considerable achievements have made and these efforts need to continue to ensure that PEPD recruits and retains viable employees.

Health

1. **Late Releases:** Funds for Primary Health Care for the third quarter of FY 09/10 were released at the end of the quarter (late March 2010). Local Governments reported delayed releases as one of the main reasons for having awarded contracts late and delayed payments to contractors. In addition to late releases, additional delays to transfer funds within the district were also reported. Lack of operational funds was reported to have significantly affected service delivery especially at lower level health facilities which reported to have had no funds to buy, toiletries and consumables during the third quarter. Equally significant, lack of operational funds affected community mobilisation including immunisation outreaches—which are the mainstay of preventive health care. Several Local Governments reported that over the same period, there was no official communication on the actual causes of the delay.

2. **Rehabilitation of General Hospitals:** over the last two FYs, Government has allocated UShs 33 billion to the renovation of Regional Referral Hospitals. The situation in general hospitals has remained unabated with no funds allocated for capital development. It is common characteristic to find general hospitals across the country with visible cracks in walls, blocked plumbing systems and leaking roofs such as in Kayunga, Iganga and Kiryandongo General Hospitals. Previous interventions like the District Infrastructure Programme have been piece meal, protracted and with few tangible outputs.

3. **Supervision of works:** Both PHC capital development and PRDP grants do not have funds for supervision of works. District Health Officials reported that due to lack of funds for supervision, they were not able to supervise progress of works by contractors on a regular basis. Without supervision, shoddy works and defects often go unnoticed.

4. **Drug management.** Whereas Local Governments appreciate the improvement in performance of NMS, stock outs remain high in health facilities. It was reported by several districts that the discrepancy between orders to and deliveries from NMS remain high. Some of the facilities visited in Mityana, Mubende and Mayuge districts for example, reported stock outs of drugs one week after drugs had been delivered by NMS. Under deliveries partly explain a growing practice of community members claiming to be sick—yet their intent is to secure and hoard drugs—to wait for the incident when they

ultimately fall sick. Malaria cases reported at health facilities (OPD) substantially increase following drug deliveries by NMS. In the absence of adequate diagnostic services, health workers presumptively treat and prescribe anti malarials to such individuals leading to stock outs.

5. **Kit System:** NMS introduced a new push system where a standard set of drugs will be distributed to HCII and HCIIIs countrywide. These facilities will no longer be required to place any orders but merely await deliveries. Several health workers and district leaders spoken to were concerned that that they were not consulted when drawing up the list of essential drugs. It was reported that the kit might not be sensitive to unique disease burdens in particular regions of the country yet health facilities have no alternative sources of drug financing.

Industrialization

- Good progress has been noted in the value addition industries, with the ongoing construction of the Buhweju Tea factory, the Banana processing factory at Nyaruzinga in Bushenyi and Uganda Industrial Research Institute.
- Projects under industrial park development across the country are characterized by long implementation delays ranging from land valuation delays, compensation of squatters, securing contractors for major works, changes in project designs, inadequate staffing, and inadequate procurement plans and work plans among others.
- Consistent under utilization of development funds by UNBS for two financial years was noted.

Information Communications Technology

- Equipment for the establishment of a data center was installed at Statistics House which houses NITA-Uganda. The center houses basic applications that were used to operationalize phase I (which included connecting ministries to Video conferencing and VoIP). However sensitization about the E-Government was not carried out leaving the entire project to work on chance; “Users have not adopted the technology thus creating white elephants.
- The national backbone and e-government infrastructure project, which was contracted to M/s. Huawei Technologies of China, is characterized by inadequate supervision of the contractor. The first phase, costing $30 million, was investigated by the Auditor General, at the request of the Parliamentary committee on Information and Communication Technology (ICT).
- During the execution of the second phase, the parliamentary committee on ICT halted the implementation of this project, however the contractor continued with project execution without supervision as the Ministry of ICT could not supervise suspended work. By the time the suspension of work was lifted, over 60% of the project was estimated to have been completed. This presents a risk on quality of work conducted during the period without supervision.

Roads

i). The three road development projects monitored were generally on course with targeted outputs surpassed on Soroti – Dokolo – Lira road, and expected to be met on Busega – Masaka and Masaka – Mbarara road projects, by the end of the FY. All the contracts had reasonably matched financial/ physical performances, contractors were well mobilised on site, and works convincingly in progress. However, the projects were experiencing generic challenges ranging from issues of cost overruns, design changes, land acquisition issues, and delays in obtaining key decisions.

ii). The National Roads Maintenance Programme was monitored at 13 UNRA stations with a total road network of 6,489Km (59.5% coverage). It was observed that almost all the roads under the stations received at least one maintenance cycle during the FY, which was a good indication that the targeted outputs of routinely maintaining the entire old network manually and 15,258Km with machines were most likely to be achieved. The targeted output of gravelling of 1,500Km of unpaved roads was also likely to be achieved through the force account operations and the periodic maintenance contracts that mainly spilled over from FY 2008/09. It was however evident that the programme did not achieve its targeted output on rehabilitation of 100Km and resealing 220Km of paved roads. The programme's absorption was at 99.3% as at end of June 2010 (IFMS data, excluding funds released under URF). Financial progresses of the contracts under the programme were generally less than the physical progress of works and within less than 20% difference, indicating reasonably good financial performance. The programme however had issues relating to under scoping of routine maintenance contracts, insufficient equipment, old equipment with extensive breakdowns and high maintenance costs, and delays in procurement of works planned for contracting, leading to unplanned emergency interventions which were costly and time consuming. The deteriorating work on Kiziranfumbi – Kabwoya – Kagadi Road road was an issue for concern.

iii). District and urban roads maintenance programmes were monitored in 11 districts and four urban councils, was observed that generally most planned activities were rolled out during the third and fourth quarters. Several roads under the district networks did not receive any maintenance intervention with some districts having up to 40% of their networks in a condition beyond maintenance levels. Financial performance of the programmes was generally poor having absorption levels less than 50% and some districts having only 4.6% absorption at the end of the third quarter. It was therefore evident that the programme would not achieve the targeted outputs of maintaining 22,000Km, resealing/ reconstruction of 75Km of urban roads and reconstruction of 7.5Km of KCC roads. The programme was however likely to achieve the targeted out puts of rehabilitation of 150Km of district roads, and maintenance of 42Km of KCC roads. The programme had generic challenges like absence of funds for planned activities expected in the third and fourth quarters through URF (by the close of the second quarter), understaffed works departments, lack of equipment, poor condition of equipment, delays in the procurement process, and capacity weaknesses of local contractors mostly affecting urban councils where shoddy works were observed.

iv). Interconnectivity Roads Improvement Programme: at the time of monitoring in May 2010, some of the works were still under procurement, and average physical progress of the contracted works was at 64.3% but with most of the ongoing contracts nearing completion. Considering that during the FY, the programme had works on a group of roads totalling 836.7Km it was likely that the targeted output of rehabilitation/maintenance of 470Km of roads with contracts that spilled over from FY 2008/09 and 51Km of roads with contracts procured within the FY was achieved. The programme however had issues of inconsistent data of expenditures on roads and bridges (IFMS Data) when compared to the total payments to contractors.

Water and Sanitation

(i) Financial

The MWE made unrealistic budgets given the resources available. Outputs were included in the work plan (which is signed by the Accounting Officer and approved by Parliament) for which there were insufficient funds. In some cases works have been delayed, as contractors have not been paid even though there is an unspent balance on the account. In other cases, lack of payments resulted in accumulation of interest payments. These delays are allegedly due to the MWE's internal payments procedure which involves 22 steps.

Given the continued discrepancies between GoU financial data reported by the sector compared to the IFMS there should be an investigation as to why this is a recurrent practice.

(ii) Rural water supply and sanitation vote function

There were varied unit costs provided by MWE with no clear explanations for deviations. For example, emergency boreholes had a unit cost of UShs 18million compared with UShs 15million in the BFP; and UShs 97.5million was budgeted for one social marketing campaign even though sector officials estimate UShs 12million.

The funds for the District Water and Sanitation Conditional Grant were with works department while the District Water Officer is the vote controller. This led to diversionary risks to other priorities under 'Works.'

In Arua, Iganga and Koboko districts, water points constructed by NGOs and development partners, were accounted against GoU expenditure.

(iii)Sanitation

The Sanitation Conditional Grant was not in place. The funds for the Sanitation Conditional Grant if established should be ring-fenced to prevent diversions. Furthermore, the MWE, MES and MOH under the guidance of MOPS need to come to a conclusion as soon as possible on which ministry will be responsible for the grant. This should be done before October 2010, in time for the FY11/12 budget process.

(iv) Urban water supply and sanitation vote function

There were design changes and cost variations during implementation.

The deviations to the work plan due to "emergency requests," raising expenditure against these additional outputs were not accounted for in the quarterly progress reports (Performance Form A's). This would enhance the accuracy of reporting and accounting of funds.

(v) Water for Production vote function

Water for production was embarking on new constructions before completing ongoing facilities.

There needs to be greater coordination with MAAIF and local governments to ensure the correct use of facilities once they have been complete. For example, Leye dam and Olelpec valley tank in Apac district were completed in FY09/10 and are not being effectively utilised. There should be greater efforts to train Water User Committees.

There should be an independent value for money study on unit costs for construction of water for production facilities, with particular emphasis on procurement methods as a cost driver. This is in light of public financial management reforms that have led to the establishment of PPDA and the use of the force account provision, where the MWE claims the latter results in lower unit costs.

(vi) Meteorological Support to Plan for the Modernisation of Agriculture

The Meteorology Agency had challenges of internal capacity and leadership constraints that need to be addressed. The increased expenditure had not resulted in additional outputs; an audit of FY09/10 expenditure is recommended.

Micro Finance

The Microfinance Support Centre (MSC) Ltd has twelve zonal offices that facilitate outreach to all registered entities such as the SACCOs, MFIs, SMEs and individuals. Each zonal office covers not less than seven districts and has only five staff. The staffing levels are still low to reach all the clients. SACCOs continue to be the biggest client among the beneficiaries. These are spread all over the rural settings and there was evidence of some SACCOs receiving funds from MSC which is lent out to members. However, there are still a few SACCOs accessing the funds because most of them are in formation stages while others are inactive and dormant. Some SACCOs mainly those that received the GOU loans of UShs 5,000,000 in 2006 closed operations after accessing the funds leading to high default rate.

MSC offers a number of products to its clients at an interest rate of 9%- 13% per annum but the SACCOs and other benefiting entities are free to determine their own interest rate on the loans disbursed. However most SACCOs interest rate are so exorbitant in the range of 2%-6% per month (24%- 72% per annum) and this contributes to the high default rate by its clients.

Challenges

- All the SACCOs monitored had a recovery rate below the recommended MSC recovery rate of 95%. The poor performance of the SACCOs affects the capacity to borrow funds from the MSC. The loans recovery is a big challenge. Some borrowers think that the money is free government offer which should not be paid back. The problem of nonpayment of loans is aggravated by interference of politicians who misled the community by advising them to get free money at the SACCOs. This has also hindered the growth of the SACCOs.

- A number of SACCOs had poor systems/ procedures and documentation of records. In some instances the loan agreements are not kept in a single file or place while at times the forms used for loan disbursements are not detailed enough to cover all the relevant information.

- A number of SACCO members were swindled of their hard earned savings by "fake SACCO institutions" which closed operations after collecting funds from the savers. According to some SACCO managers interviewed, it has become increasingly difficult to mobilize members because some of them lost money through other SACCOs which cheated people. It is now difficult to convince the community to join new SACCOs because of the past experiences.

- Many SACCOs lacked proper governance structures and the financial impropriety by some managers led to lack of trust by the members. This affected membership growth, leading to low/poor savings and share capital.

- Many SACCOS/ MFIs were affected by conflict of interest by the board members and politicians. These groups of borrowers get loans without going through the loans committee and most of the loans are not secured which makes it difficult for recovery.

- Poor loan appraisal by the SACCO managers and loan committee leading to high default and poor servicing of MSC loans. This was common with SACCOs that had personnel of low qualifications.

- A number of SACCOs complained that getting the maximum liability from Ministry of Trade was very tedious. There was a general complaint that the District Commercial officers always complicate the process of getting the maximum liability and therefore SACCOs take a very long time to obtain one.

- Other salient issues included: lack of adequate transport at both the MSC zonal offices and the SACCOs; lack of information and data management devices such computers, type writers, printers, photocopiers to meet customer needs; competition from other money lending institutions; non receipt of financial support from UCSCU in form of salaries that stopped in Dec 2009 and also few instances of some SACCOs complaining of delayed receipts of funds from the MSC.

RECOMMENDATIONS

Financial Performance

- District should comply with the provisions of the Public finance act and regulations regarding unspent balances at end of the financial years and return the funds to the consolidated fund. This will encourage the district officials to ensure that projects are implemented on time.

- Disciplinary action should be taken against district accounting officers (CAO and CFO of Bundibugyo District in this instance) for utilizing the unspent balance for development grants amounting to UShs 75,007,000 without authority from the Secretary to the Treasury.

- The CAO Sironko should take disciplinary action against the Senior Accounts assistants of Education and that of Works for failing to keep uptodate books of accounts. The cash books had been last posted in April 2010 and information could not easily be obtained.

- The OPM and the MFPED should avail one manual to guide the districts on the operations and management of the PRDP funds to avoid conflicting instructions.

- Procurement process in local governments should be speeded up to avoid low absorption of funds. Districts should also be advised to start on the procurement process in the initial month of the financial year. The Public Procurement and Disposal unit should provide more support to this effect.

Agriculture

- MAAIF should step up monitoring and supervisory efforts to enhance delivery of programmes and also reduce on wrong reporting. The involvement of district officials may go along way in resolving this problem.
- Contractors that have persistently performed poorly should be reported to PPDA for blacklisting.

Education

- The Ministry of Education should follow up on institutions and schools that have delayed implementation of programmes.
- The Inspectorate should be prioritized to ensure that school inspections are not compromised because of delayed disbursement of funds.

Energy

Vote function 0301 (Energy Planning, Management and Infrastructure Development)

- The gasifier installations at Kyambogo University, Kings College Buddo and at Nyabyeya Forestry College need to be completed as soon as possible. They should be made functional to the satisfaction of end users.

- The renewed rural electrification strategy that will be developed during FY 10/11 should include guidelines on ways in which the transparency of grid extension planning can be improved. For example, clear selection criteria should be developed and analysis made publically available. Provision should also be made for inclusion of local government and existing local operators in the identification and design of new grid extension schemes.
- MEMD and REA should consider the inclusion of a subsidy for connection fees alongside all grid extension projects, as BMAU interviews with local operators and with beneficiaries have found that rural households have limited ability and willingness to pay for the high connection costs.
- The hours of operation at the UEDCL mini electricity grids in Moyo, Moroto and Adjumani are not sufficient to meet the needs of local businesses (no power is available during the day). MEMD should consider extending the hours of operation (or at least shifting some hours to the morning); and consider extension of the mini-grids in order to make operations more profitable and access more people.
- MEMD and UETCL need to work alongside the Chief Government Valuer to expedite the resolution of ongoing land disputes at Bujagali Interconnection Project. Work needs to be done to streamline the compensation and acquisition process for future construction projects.

Vote function 0302 (Large Hydropower Infrastructure)

- Transparency and accuracy in reporting of Energy Fund financial and physical performance needs to improve as current procedures are inadequate. There is need to institute an audit of funds so far released to this Vote function.

Vote function 0303 (Petroleum Exploration, Development and Production);

- The number of skilled personnel within PEPD needs to continue to increase as the industry grows. This will involve continued investment in capacity development as well as recruitment of graduate staff.
- MEMD should work with NEMA in order to develop its capacity to manage the growing environmental management and legal challenges that the industry is presenting.

Health

1. **Improve diagnostic services:** Drugs like anti malarials are very expensive yet presumptive treatment is the norm rather than the exception. It would be cost effective to improve diagnostic services. Assuming that 1000 doses of coartem per district per distribution cycle (every 2 months). It is estimated that Government would spend UShs 6.9 billion per year. This is a conservative estimate because the abuse of drugs is much higher than is illustrated above.

A study should be carried out on the cost effectiveness of improving diagnostic services in lower level health facilities.

2. **Release schedule:** MoFPED should provide release schedules for funds disbursed to Local Governments especially in instances where grants are supervised by different ministries for example PRDP and PHC grants.

3. Undertake a value for money audit for major infrastructure undertaken under main projects in the health sector including: Support to the Health Sector Strategic Plan (HSSP), District Infrastructure Strategic Plan (DISP), primary health care conditional grants (capital development) and Peace Recovery and Development Plan (PRDP).

4. Revise the wage bill to enable districts recruit and retain additional health workers.

5. Incentives should be provided for both hard to reach and hard to stay areas to improve retention of health workers.

6. Development grants should have a component for supervision of activities.

Industrial Development

- UIA should devise an elaborate strategy of improving performance of industrial parks development if the stipulated targets are to be achieved.
- UNBS is **understaffed and therefore lacks the capacity** to perform its objectives, additional wage resources should be made available to ensure quality control and standards of goods on Ugandan market. The agency should improve performance of development programmes.

Information Communications Technology

- Awareness campaigns and sensitizations should be carried out by NITA-Uganda/MoICT so that beneficiaries appreciate the services offered under EGI/NBI and demystify the allegations of espionage. NITA-U should urgently develop a change management strategy and constitute a change management team to counter the negative publicity and achieve the intended project benefits.

Implementation should address the immediate communication needs of the stakeholders such as bandwidth, Internet services, Voice over Internet Protocol and email solutions. Implementers should consider provision of shared services; negotiate concessionary rates for landline to mobile and creation of closed user groups This will enable government agencies to separately and collectively lift their performance.

- The Ministry of ICT should review the existing ICT policy with a view of amending it to re-align E-government in the policy.

- Implementation of National Backbone Infrastructure should be properly supervised if the accruing benefits are to be achieved. At the moment, the contractor and the sub contracted firms execute project activities without any supervision.

- There is no evidence of cost reduction/savings as a result of e-government infrastructure interms of reduction in telephone costs and movements from one destination to another for meetings. A study should be commissioned to evaluate the project performance and assess the level at which it has achieved the set targets in order to benchmark benefits and improve performance.

Roads

i). Generic challenges that cut across all development projects like cost overruns, design changes, land acquisition issues, and delays in obtaining key decisions need to be streamlined and proactively controlled in order to effectively manage the ever rising construction unit rates and reduce the chronic delays in completion of the projects.

ii). Issues of under scoping of routine mechanised maintenance works, procurement ceilings for micro-procurements and low equipment stock at the UNRA stations need to be addressed so as to make the operations of the programme more efficient and cost effective.

iii). Supervision of the contract for maintenance of Kiziranfumbi – Kabwoya – Kagadi Road needs to be strengthened in order to rectify the substandard works observed during monitoring and to ensure value for money.

iv). There is need for a framework to improve the availability and maintenance of equipment at district works departments in order to improve effectiveness of the district roads maintenance programmes.

v). There is also need to improve information flow on projects centrally coordinated by MoWT so as to improve transparency and accountability to people at the grass root.

vi). The data inconsistence between expenditures on roads and bridges (IFMS Data) and the payments to contractors under the Interconnectivity Roads Improvement Programme needs to be reconciled and explained.

Water and Sanitation

(i) The MWE should ensure that managers are availed with financial information to enhance smooth implementation of works and reduce levels of misinformation on financial releases.

(ii) The internal payments procedure should be reviewed by the MWE to increase efficiency, ensure contractors are paid for completed work on time, and avoid accumulation of interest payments.

(iii) In nearly all cases, designs for new works were not shared with local government officials, reducing their ability to monitor and supervise the works. As interventions are eventually handed over to local governments, this information should be availed from the start to enhance sustainability and ownership.

(iv) A separate account for the District Water and Sanitation Conditional Grant should be established where District Water Officers are the vote controllers, to reduce on the practice of diversion of funds from water and sanitation activities.

(v) The MWE's leadership support for promoting environmental sanitation is recognised. In order to kick-start operation of the sanitation conditional grant, the MWE should allocate funds (possibly transfer funds from centralised sanitation services for sanitation campaigns), which should be complimented by the MoES, MGLSD and MOH, as well as the MFPED.

(vi) Where there have been deviations from approved work plans due to "emergency requests" this should be stated clearly in the work plan, in order to accurately account for expenditure.

(vii) There should be an independent study to inform the policy for water for production. This should focus on unit costs for water for production facilities, with particular emphasis on procurement methods as a cost driver.

(viii) Given the ambitious work plan for FY10/11 for water for production, efforts should first be made to complete existing facilities that have been delayed, before embarking on new constructions.

(ix) In order for the Meteorology Agency to be successfully established capacity constraints need to be addressed urgently. There is need to ensure there is adequate leadership, managerial and technical support to implement the initiative.

Micro Finance

- MSC should in a long term strategy plan to increase the number of staff at the zonal offices as the current number of five is too small to effectively handle the activities.
- SACCOs should be guided on the range of interest rate charged to their customers that range from 24%- 72% per annum. These rates are high and have lead to high default rate.
- MSC should train the staff and board members of the SACCOs in developing the guidelines of loan products and appropriate loan forms. The training program should be intensified to sensitise the community stakeholders including religious, political, and civic leaders; and SACCO leadership to improve on the awareness levels of MSC services.
- MSC should train the District Commercial officers to carry out competent and satisfactory SACCO audits and expeditious processing of the maximum liability forms.
- MSC should take legal action against defaulters to deter the culture of default that is cropping up in SACCOs that have overdue loans of over 365 days and those that got GOU loans but did not pay back
- MSC should constantly offer the technical support and supervision of the activities of the SACCOs to enable them enhance on their performance.
- Continue to follow up the weak SACCOs in a bid to revive them in collaboration with UCSCU and other Stakeholders.
- There should be increased disbursements of financial services to qualifying SACCOs/ MFIs/ SMEs

CHAPTER 1: INTRODUCTION

Government stepped up its monitoring efforts for enhanced programme implementation. To this effect, the Budget Monitoring and Accountability Unit (BMAU) prepare quarterly monitoring reports, and this is the second financial year of these reports. Budget monitoring is concerned with tracking implementation of selected government programs or projects with **observing how values of different indicators against stated goals and targets change over time**. The monitoring is confined to the levels of inputs- outputs in the following areas:

1. Agriculture
2. Infrastructure (Energy and Roads)
3. Industrialization and ICT
4. Social Services (Education, Health, and Water and sanitation)
5. Micro finance

1.1 Process

This report is based on a few selected programmes in the mentioned sectors. Selection was based on a number of criteria:

- The significance of the budget allocations to the votes within the sector budgets, with focus being on large expenditure programmes. Preference was given to development expenditure except in health, education and works sectors where some recurrent costs were tracked.
- The programmes that had submitted progress reports by the end of quarter three in FY 2009/10 were followed up for verification as they had specified outputs achievements for the quarter.
- Programmes that had been monitored during the first three quarters of 2009/10 especially if they had major implementation issues were also revisited.
- Programmes with planned activities in Q4 of FY 2009/10 were also sampled to assess progress as the FY activities got on the way.

1.2 Limitation of the report

Information on donor releases was not readily available for all programmes and hence financial performance may have been underestimated.

1.3 Structure of the report

The report has three chapters. The second chapter reviews the financial performance while chapter three focuses on the physical performance of the selected programmes.

CHAPTER 2: FINANCIAL PERFORMANCE

2.1 Introduction.

The analysis consists of two components namely;

- The general development grant funds performance for selected sectors.
- A review of the flow of development grants funds to the selected seven (7) districts and three Municipal councils.

2.1.1 Sector Financial performance

This section reports on GOU domestic development grant approved annual budget, releases and absorptions for the FY 2009/2010 to selected MDA that include: Ministry of Agriculture, Animal Industry and Fisheries; Ministry of Education and Sports; Ministry of Energy and Mineral Development; Ministry of Health; Ministry of Works and Transport; Ministry of Water and Environment ; Ministry of Finance, Planning and Economic development (development of Industrial parks, Activities of Microfinance Support Centre Limited). It further makes a comparison of the budget trend in the two financial years of 2008/09 and 2009/10.

2.1.2 Objectives

- To provide analysis of the funds released to the sectors and absorbed against the approved budget.
- To establish the budget trends of the approved budget of FY 2008/09 and FY 2009/10

2.1.3 Scope and methodology

The period under review is the FY 2009/10 in respect to the GOU annual approved development grant budget, releases and expenditures. For the trend analysis of the budget growth, the report compares two financial years 2008/09 and 2009/10.

The analysis largely used the integrated financial management system (IFMS) data and the legacy system.

2.2 Vote Analysis

1) **Vote 010 Ministry of Agriculture, Animal Industries and Fisheries**

A total of UShs 22.222 billion excluding taxes was the annual domestic development budget for Vote 010 as compared to UShs 9.49 billion for FY 2008/09. This represents an increment of 31% in the development GOU approved annual budget for FY 2009/10. For the period July 2009 –

June 2010, the MFPED released a total of UShs 19.944 billion representing 89.7% release performance. The releases range from 66.2% to 100%. The release performance was not very good for the period under review. Table 2.1 shows the various projects that received less than 90 % of the approved annual budget.

Table 2.1 : MAAIF, budget, releases and expenditures FY 2009/10

VOTE	PROJ ECT	PROJNAME	GOU budget	Releases July 09- June2010	Expenditures July 09- June 2010	Release perfor mance	Absorptio n rates
010	0074	AGRIC. SECTOR PRG. SUPPORT PHASE II	221,640,000	180,157,953	180,157,953	81.2	100
010	0076	SUPPORT FOR INSTITUTIONAL DEV-MAAIF	700,000,000	563,700,000	563,400,116	80.5	100
010	0091	NATIONAL LIVESTOCK PROD IMPROVEMENT	2,100,000,000	1,738,600,000	1,738,351,276	82.8	100
010	0094	SUPERVISION,MONITORING & EVALUATION	377,000,000	249,500,400	249,500,400	66	100
010	0968	FARM INCOME ENHANCEMENT PROJECT	300,000,000	197,833,334	197,812,326	66	100
010	1009	SUSTAINABLE LAND MANAGEMENT PROJECT	100,000,000	88,700,000	88,700,000	88.7	100
010	1012	FAO/TCP INTEGRATED PEST&DISEASE MGT	300,000,000	243,225,000	242,948,669	81	99.8
10	1082	SUSTAINABLE RICE PRODUCTION	200,000,000	163,700,000	163,349,268	81.85	99.8
10	1083	UGANDA MEAT EXPORTS	500,000,000	436,903,667	435,228,066	87.4	99.6
10	1084	AVIAN AND HUMAN INFLUENZA	138,000,000	106,130,000	106,129,999	76.9	100
10	1085	MAAIF COORDINATION	347,000,000	230,030,666	224,340,187	66.2	97.5
10	1119	IMPROVED RICE PRODUCTION	158,000,000	130,200,000	130,200,000	82.4	100

Source: IFMS data

The projects that registered very low releases (66%) included:

- 094 Supervision, monitoring and evaluation
- 0968 Farm income enhancement project
- 1085 MAAIF Coordination

Regarding absorption of the funds, MAAIF was able to absorb all the funds received at a rate of 100% as per the IFMS system during the fourth quarter as compared to an absorption rate of 88.7% during the end of the third quarter.

2). Vote 013-Ministry of Education and Sports

There was a 25% increase in the GOU development annual approved budget that moved from UShs 39.74 billion in the FY 2008/09 to UShs 49 billion in FY 2009/10 excl .taxes. For the FY 2009/10, a total of UShs 45.688 billion was released representing a release performance of 93.2% of the total approved development grant budget. The projects receipts from the MFPED were in a range of 88% to 95%. as shown in table 2.2

Table 2.2: Release performance of the projects under Vote 013

Vote	Pro	Project Name	GOU Approved Budget	Releases FY 2009/2010	Releases as % of the budget July 09 -June 2010
013	0176	CHILD FRIENDLY BASIC EDUCATION	172,000,000	163,244,000	95
013	0191	REH.NAT.HEALTH SERV.&DEPT.TRAIN.INS	1,401,000,000	1,329,682,667	95
013	0210	WFP/KARAMOJA	599,960,000	528,850,700	88
013	0897	DEVELOPMENT OF SECONDARY EDUCATION	13,063,000,000	11,863,470,000	90
013	0942	DEVELOPMENT OF BTVET	2,500,000,000	2,372,739,000	95
013	0943	EMERGENCY CONST.& REH.PRIM.SCHOOLS	1,800,000,000	1,708,372,000	95
013	0944	DEVELOPMENT OF PRIM.TEACHERS'COLL.	2,701,000,000	2,563,507,000	95
013	0949	ADB III POSTPRIMARY EDUC & TRAINING	11,191,773,491	10,337,288,491	92
013	0971	DEVT TVET P7 GRAD. ENROLLING INSTIT	3,100,000,000	3,081,974,300	99
013	0984	RELOCATION OF SHIMONI PTC & PRI.SCH	4,998,000,000	4,743,579,000	95
13	1091	SUPPORT POST PRIMARY EDUCATION	1,200,000,000	1,069,703,333	89
13	1092	ADB IV SUPPORT TO SEC SCH	3,274,000,000	3,077,339,000	94
13	1093	NAKAWA VOCATIONAL TRAINING INSTITUTE	3,000,000,000	2,847,287,000	95
		TOTALS	49,000,733,491	45,687,036,491	93

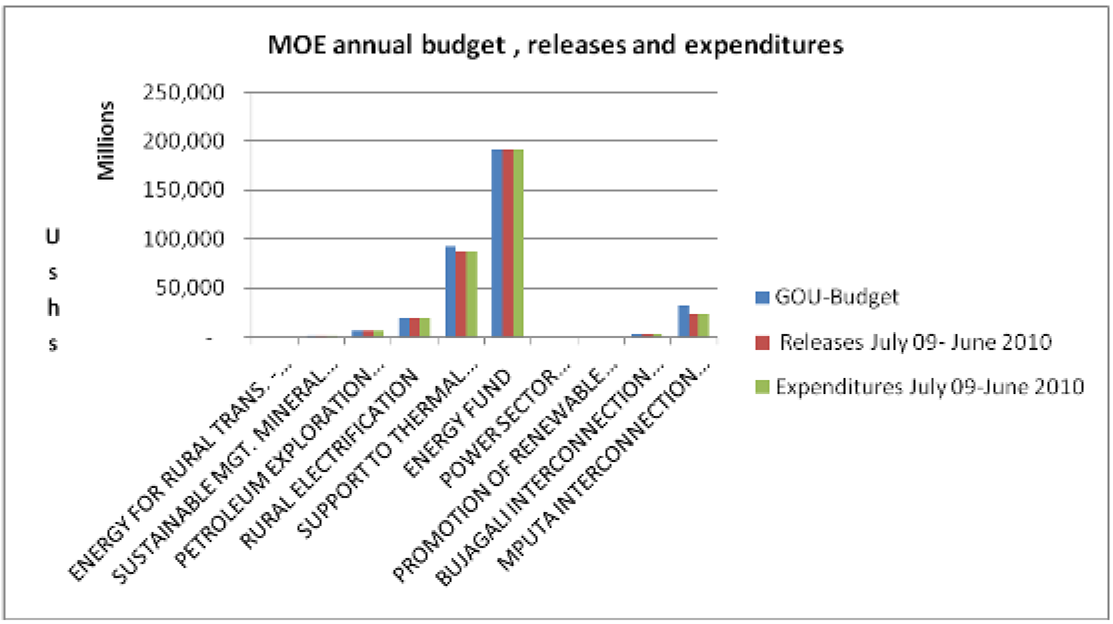
Source; IFMS data

The overall absorption rate of the funds received was good at 100% for the period ending June 2010 as compared to 91 % for the period ending March 2010.

3) Vote 017 -Ministry of Energy and Mineral Development.

The total GOU domestic development budget for Vote 017 for FY 2009/10 was UShs 346.2 billion excluding taxes and arrears as compared to UShs 218.7 billion for FY 2008/2009. This was an increase of 58.2% in the annual approved budget. The total releases for the period were UShs 330.77 billion representing 95.5% of the approved annual budget.

Figure 2.1 Projects, amounts released and spent for the period July 2009- June 2010



Source: IFMS data

The following projects registered receipts of less than 100% of the annual approved budget from the MFPED:

- Project 0328 Sustainable management and mineral resources, release performance of 88.3%
- Project 0940 support to thermal power generation, 95%
- Project 1024 Bujagali interconnection project. The entire annual approved budget was UShs 3 billion of which a total of UShs 2.1 billion (70%).
- Project 1026 Mputa interconnection project. The entire annual approved budget was UShs 32.06 billion of which a total of UShs 22.44 billion (70%).

Regarding absorption of the funds, all the funds received were absorbed under the various projects/ programs. The overall absorption rate was 99.9% .

4) Vote 014: Ministry of Health

There was a slight decrease in the approved annual GOU development budget from UShs 12.880 billion in the FY 2008/09 to UShs 12.263 billion (0.5%) excl.taxes. The vote received an additional supplementary approval of UShs 2.2 billion for taxes spread across all the projects as follows:

Table 2.4: **Projects with supplementary budget approval for taxes**

Project Code	Project name	Account	Amount
0216	Dist. Infrastructure support progr	312206-Taxes	1,000,000,000
0224	Imaging & theatre equipment	312206	500,000,000
1027	Inst. Support to MOH	312206	200,000,000
1123	Health systems strengthening	312206	500,000,000
	TOTAL		**2,200,000,000**

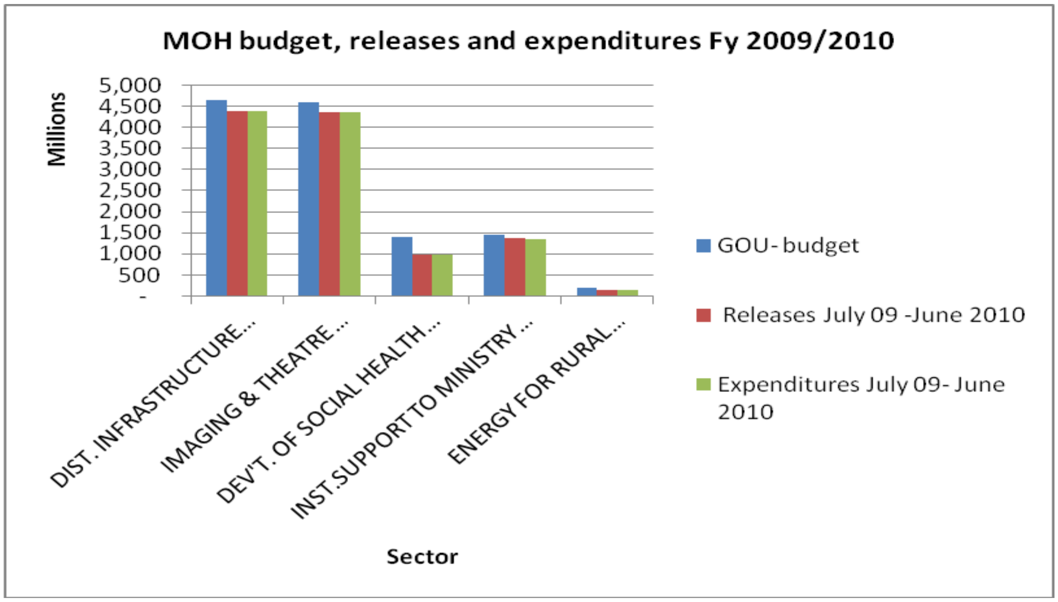
For the FY 2009/10, the total releases of the domestic development grant to the Ministry of Health excluding taxes was 92% (UShs 11.269 billion) of the approved GOU development budget of UShs 12.263 billion.

Most of the projects under the vote had receipts above 95% of the approved annual budget save for the following projects: project 0980- Development of social health initiative total release that received 71%(UShs 999 million) out of the annual approved budget of UShs 1.4 billion; project 1094 –Energy for rural transformation release performance of 73 % of the entire budget of UShs 200 million.

The overall absorption rate of the funds received was 100% for the period ending June 2010 as compared to 78.5% as at end of March 2010. The sector spent most of the funds in the fourth quarter as compared to the first quarter.

An additional UShs 300.4 million was approved for project 1123- Health system strengthening of which UShs 149.2 (50%) was realesed. All the money released was absorbed.

Figure 2.2 Projects, amounts released and spent for the period July 2009- June 2010



Source: IFMS data

The details of the projects:

- Project 0216 – District infrastructure support PRG I
- Project 0224- Imaging and theatre equipment.
- Project 0980 –development of social health initiative.
- Project 1027- Institutional support to ministry of health.
- Project 1094- Energy for rural transformation

5) VOTE 008 Ministry of Finance Planning and Economic Development (Selected projects)

- **Project 994 Development of Industrial Parks**

  The total approved GoU development budget for the financial year 2009/10 was UShs 7.445 but later increased by UShs 1.3 billion to UShs 8.745 billion as compared to UShs 19.7 billion for FY 2009/10. This represents a decrease of 56% in the approved annual domestic GoU budget. All the funds were released by the MFPED to the Uganda Investment Authority.

  All the funds released were lumped on one line item 263106 that is "other current grants'' and therefore it is difficult to know the breakdown of the various activities that were funded.

- **Project 978: Presidential Initiative on Banana.**

  The total approved GOU development budget for the FY 2009/10 was UShs 10.2 billion which was revised to UShs 11.2 billion as compared to UShs 6.2 billion in the FY

2008/09. There was an increase of 81% of the revised GOU annual approved budget. A total of UShs 11.198 was released and according to the IFMS system, all the funds were lumped on line item 312101- Non residential buildings without breaking down/ costing the various activities being carried out. These funds were released by the third quarter of the FY 2009/10.

- **Project 1111: Soroti Fruit Factory**

All the releases totaling to UShs 3.062 billion under this project were released in the fourth quarter. Late releases of funds leaves little room for the implementation of the project. The annual approved budget for the FY2009/10 was UShs 5.0 billion but later revised to UShs 3.462 billion of which a total of UShs 3.062 was released. The amount released was 88 % of the revised budget. The funds were released under two line items.

Table 2.5 Details of funds received.

Project	Account	Budget	Release.
1111	225001-Consultancy services short term	250,000,000	250,000,000
1111	312101- Non residential buildings	3,212,500,000	2,812,500,000
Totals		3,462,500,000	3,062,500,000

Source: IFMS data

There is need to verify whether the funds released for Non residential building was actually utilized for the intended purpose.

5) Vote 019- Ministry of Water and Environment

The total domestic development budget for the financial year 2009/10 amounts to UShs 52.6 billion *excluding arrears and taxes* as compared to UShs 38 billion (Excl.taxes) for FY 2009/10. This represents a 38% increase in the GOU development annual approved budget.

There were a number of reallocations between the vote functions/ projects as shown in table 2.6.

Table 2.6 Projects with reallocations.

Project code	**Project name**	**GOU budget**	**Revised budget**
0140	Meteorological support for PMA	2,960,000,000	2,059,366,667
0151	Policy and management support	1,499,550,000	1,092,004,228

0158	School and community sanitation	1,600,000,000	3,700,000,000
0164	Support to small towns	5,219,946,480	5,021,950,814
01074	Water and sanitation devt for north	2,300,000,000	1706,174,771
		13,579,496,480	13,579,496,480

Source: IFMS data

The reallocations affected five projects but on the whole did not affect the overall approved budget amount. The reallocations imply that proper budgeting for activities at the initial stages was not done creating insufficient or excess budget allocations.

There were arrears totaling to UShs 2.1 billion of which UShs 2 billion was released representing a release performance of 95%.

The total releases for the period July 2009 – June 2010 including arrears were UShs 54.190 billion representing a release performance of 99%.

A total of Ushs 54.471 billion was spent representing an overall absorption rate of 100.5%. Most of the funds released to the sector were consumed in the fourth quarter as the absorption rates for the period ending March 2010 was 76.4%

The absorption range was 90% to 143% with project 0947-Farm income enhancement project having absorption rate of 143% whereas there were no reallocations noted on the IFMS system. This implies that there was an over expenditure for that project.

An over expenditure of UShs 381 Million was incurred on line item 312105 – taxes on buildings and structures which had an approved budget of UShs 500 million but spent UShs 881 million.

The following table shows projects that received less than 100% of the entire approved budget.

Table 2.7: Projects that received less than 100% for the FY 2009/10

PROJECT	PROJNAME	GOU-Budget	ARREARS	Releases July 09- June 2010	Expenditures July 09- june 2010	Release perf	Absorption rates
0137	L.VICTORIA ENVIRONMENT MNGMT PROG.	1,810,000,000		1,748,426,675	1,745,312,399	97	99.8
0149	OPER.WATER RESOURCE MGT - NILE BASIN	400,000,000		379,638,000	377,372,772	95	99.4
0160	SOUTH/WEST TOWNS WATER & SANITATION	1,440,000,000		1,376,878,000	1,373,803,951	96	99.87
0163	SUPPORT TO RURAL WATER SECTOR	3,009,000,532	400,000,000	3,383,815,537	3,373,975,218	99	99.7
0165	SUPPORT TO THE WRMD	1,830,000,000		1,747,026,000	1,746,946,283	95	100
0168	URBAN WATER REFORM	850,000,000	200,000,000	972,361,667	968,983,976	93	99.6

	IMPLEMENTATION						
0947	FARM INCOME ENHANCEMENT PROJECT	900,000,000		881,678,959	1,261,377,451	98	143
1015	GULU WATER& SEWERAGE REHABILITATION	2,600,000,000		2,498,190,444	2,497,582,220	96	100
1021	MAPPING GROUND WATER RESOURCES	249,720,000		236,820,734	236,452,808	95	99.8
1075	WATER AND SANITATION DEVT FACILITY-EAST	2,300,320,000		2,231,203,667	2,230,621,209	97	100
1102	CLIMATE CHANGE GROUP	160,000,000		139,999,000	126,900,836	87	90.6

The release performance was between 87% and 100%, an indication that the MFPED performed well in terms of releases to the Ministries.

7) Vote 016: Ministry of works and transport

A total of UShs 78.713 billion was the approved annual domestic development budget for FY 2009/10 (excluding arrears and taxes). There was a budget increment of 28.4% from the FY 2008/09 approved budget that was UShs 61.3 billion. However there was a supplementary budget of UShs 3.05 billion for project 1045- Interconnectivity project on line item 312103-(Roads and bridges) which increased the budget from UShs 78.713 billion to UShs to UShs 82 billion. By the end of June 2010, a total of UShs 77.469 billion(98.2%) had been released implying that funds were adequately released by the MFPED. The overall absorption rate as at end of June 2010 was 99.9%(UShs 77.448 billion) of the funds received. There were also arrears totalling to UShs 10 billion in respect to project 1052 – rehabilitation and reequipping of EACAA Soroti which was released.

There were a number of reallocations of funds between the vote functions/ projects affecting six projects but without necessarily affecting the Votes entire annual approved budget. There was no adjustment in the vote annual budget save for a supplementary of UShs 3.05 billion on Interconnectivity project.

Table 2.8 : Projects that were affected by the reallocations

Project	Project name	GOU Budget	Revised GOU Budget
42	Institutional Support to URC	1,000,000,000	749,998,000
271	Development of inland water transport	2,200,000,000	3,587,501,910
297	National Transport Master Plan	1,150,000,000	862,500,000

902	Axle load control	600,000,000	450,000,000
1048	Motor Vehicle inspection service	900,000,0000	675,000,000
1049	Kampala-Kasese Railway feasibilty project	1,000,000,000	750,000,000
1096	Support for computerised driving permits	900,000,0000	675,000,000
		7,750,000,000	7,749,999,910

Source: IFMS data

There were a number of projects whose receipts were less than 100 % of the annual approved budget.

Table 2.9: Projects that received less than 100% of the approved budget.

Project	Project name	GOU Budget	Releases	Payments	Release performance %	Absorption %
261	District road network feeder roads	400,000,000	379,638,000	379,594,000	95	99.9
262	District road network/Gravel Roads	300,000,000	284,728,000	284,709,560	95	100
263	District Road Network/labour based	1,800,000,000	1,708,372,000	1,708,372,000	95	100
264	AAMP Rehab.District Roads/ADF	600,000,000	565,809,820	565,809,820	94.3	100
269	Construction of selected Bridges	4,080,000,000	3,872,309,000	3,871,829,046	95	100
274	Feeder Roads Rehab.Northern uganda	2,120,310,000	2,012,376,000	2,012,303,000	95	100
306	Urban roads resealing	4,200,000,000	3,986,201,000	3,985,781,188	95	100
307	Rehab.of District roads	5,000,000,000	4,745,477,000	4,745,477,000	95	100
995	Community Agriculture Infrastructure improvement	1,040,000,000	987,059,000	987,059,000	95	100
996	Support to tourism infrastructure development	1,000,000,000	949,096,000	948,266,600	95	100
1018	Rural roads programme-support to MELTEC	2,200,000,000	2,088,010,000	2,088,010,000	95	100
1019	Rural roads programme-support to MOWT	1,280,000,000	1,214,842,000	1,206,392,721	95	100
1062	Karamoja roads development programme	200,000,000	189,819,000	189,725,000	95	100

Source: IFMS data

Most of the projects receipts were less than 95% as shown in table 2.6 above.

All the funds received were absorbed as per the IFMS system. Most of the expenditures were in the fourth quarter because by the end of March 2010 the absorption rate was 78.4% as compared to 100% as at June 2010.

7) Vote 113- UNRA

There was an increment in the budget of the FY 2009/10 which moved from UShs 411.2 billion in FY 2008/09 to UShs 481.2 billion representing an increase of 17%. However the budget was adjusted to UShs 460 billion. One of the projects which had a budget cut was project 1056 - Transport corridor project that had its budget moved from UShs 400.2 billion to UShs376.9 billion. The transport corridor received a total of UShs 166.3 billion of the approved budget representing 44% release performance. The agency experienced low releases to a tune of UShs 243.5 billion representing 53% of the approved annual domestic development budget.

The following projects had either very low releases or poor absorption rates.

Table 2.10 UNRA- Projects with low releases and expenditures July 2009-June 2010 excl. taxes

Project code	Project name	Approved Budget	Releases	Payments	Release performance	Expenditures as % of releases July - June2010
278	Upgrade Kabale - Kisoro	9,780,000,000	6,422,000,000	6,231,453,830	66	97
1032	Upgrade Vurra-Arua-Koboko-Oraba(92km)	2,071,373,333	2,071,373,333	-	100	-
1033	Design Hoima-Kaiso - Tonya(85km)	2,000,000,000	1,850,000,000	1,400,083,276	93	76
1038	Design Ntungamo-Mirama Hills(37km)	100,000,000	100,000,000	-	100	-
1040	Design Kapchorwa-Suam road	100,000,000	100,000,000	-	100	-
1044	Design Ishaka-Kagamba(35km)	100,000,000	100,000,000	-	100	-
1056	transport Corridor project	376,965,675,977	166,350,327,667	165,862,590,366	44	100
1099	Design for Reconstruction of Toror-Soroti road	100,000,000	100,000,000	-	100	-

1100	Design for reconst of Lira -Kamudini -Gulu road	100,000,000	100,000,000	-	100	-
1103	Feasibility Study of Bus Rapid Transit	500,000,000	500,000,000	-	100	-
1104	Construct Selected Bridges (BADEA)	700,000,000	700,000,000	360,878,623	100	52

Source: IFMS data

Overall the absorption rates were 98% of the funds received according to the IFMS system. However a number of projects did not spend any of the funds received as follows:

- 1032 Upgrade Vurra Arua- Koboko Oraba received UShs 2.071 billion
- 1038 design Ntugamo Mirama hills
- 1040 Design Kapchorwa Suam road
- 1044 Design Ishaka kagamba road
- 1099 Design for reconstruction of Tororo- Soroti road
- 1103- Feasibility Study of Bus Rapid Transit received UShs 500 million for the FY 2009/10

2. 3 Financial Performance of Selected Districts for the Financial Year 2009/10

2.3.1 Introduction/Background

This section provides financial performance analysis of selected districts that were monitored. A total of seven districts[2] were monitored and the purpose of the monitoring was to assess the efficiency of the funds flow management at districts. The analysis was focused on the GOU development grant for the sectors of: health (PHC development); education (SFG); agriculture (NAADS), water and environment and works (rural water and rural roads) and Local Government Management and Service Delivery (LGMSD).

2.3.2 Objectives

[2] *Bududa, Bundibugyo,Fortportal Municipal council,Jinja Municipal council,Kabarole,Kapchorwa,Mayuge,Sironko,Tororo District and Tororo Municipal council*

- To establish the budget trends of the approved budget for the FY 2008/09 and FY 2009/10
- Track the development grant funds released by the MFPED to the districts for FY 2009/10 and ascertain whether the funds were promptly remitted to the sectors of health, education, agriculture, water and sanitation, works, NAADS and LGMSD for proper execution of their programs.
- Establish the absorption of the funds released by the MFPED
- Ascertain whether there were any balances on the sector accounts as at close of the financial year (end of June 2009), and if permission was sought to retain the balances if any and whether the retained funds were appropriately utilised.

2.3.3 Scope and methodology

The period under review was the FY 2009/10 in respect to the funds released and the absorption of those funds. For the trend analysis of the budget growth, the period under review was two financial years 2008/09 and FY 2009/10.

The methodology used included; physical visits to the districts, reviewing of relevant official documents and records (the general operational account cash books, sector cash books and the bank statements); interviewing key personnel of the local governments including the CAOs , CFOs and some heads of departments.

2.3.4 FINDINGS

1) BUDUDA LOCAL GOVERNMENT

The local government received all the GoU development grants relating to the FY2009/10 for all the sectors under review which were timely remitted to the spending units of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS.

The release performance of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 95%, 93%, 94%, 71%, 94%, and 100% respectively.

The release performance was commendable across all the sectors as shown by the performance rates. The release performance to the rural roads was 71% because a total of UShs 99,251,755/= that was received on the 22rd, June, 2010 had not yet been transferred to the sector account by the time of monitoring (25th June 2010).

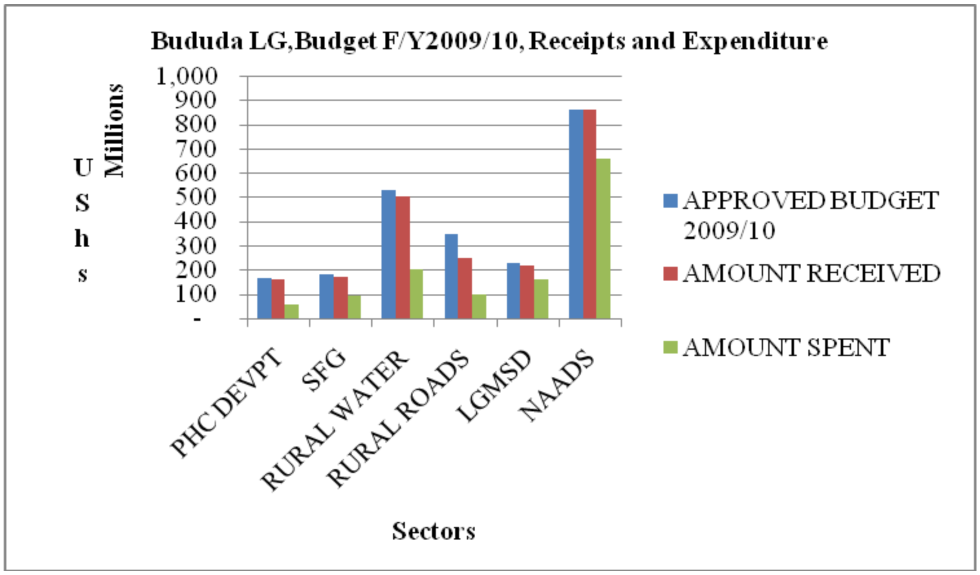
The absorption rates were very low for PHC development, SFG, Rural water, Rural roads, LGMSD and NAADS at; 36%, 53%, 40%, 38%, 73% and 76% respectively.

The poor absorption rates were attributed to the late start of procurement process that led to the late start of the projects and the delay in receipt of some funds from the Ministry of Finance, Planning and Economic Development. For example, UShs41, 549,000/= was received on the 22rd, June, 2010, eight days to the end of the financial year detailed as follows;

- PHC development UShs18,479,000/=
- SFG UShs13,748,000/=
- Rural water UShs9,322,000/=

According to the district officials, those funds logically could not be absorbed before the end of the FY2009/10 because of the short span of period in which to initiate the expenditure process. At the time of the monitoring the funds had not been transferred to the sector accounts.

Figure 2.3: The approved budget FY2009/10, receipts and expenditures



SOURCE: BUDUDA DISTRICT GENERAL FUND ACCOUNT AND SECTOR CASH BOOKS

The absorption rates as shown in figure 2.3 are low with the exception of LGMSD and NAADS of which mainly transfer the funds to lower spending units.

The local government is also a beneficiary of the PRDP component and duly received all the grants which were transferred to the sector account. The expenditures of the PRDP funds was poor with an absorption rate of 55.21% as shown in table 2.10

TABLE 2.10: PRDP BUDGET, RELEASES AND EXPENDITURES FY 2009/10

APPROVED BUDGET 2009/10 (UShs)	AMOUNT RECEIVED (UShs)	AMOUNT SPENT(UShs)	BAL C/F AT JUNE 2010(UShs)	Release perf. %	Absorption rates %
1,025,914,950	1,039,578,920	573,969,923	435,608,997	101.33	55.21

SOURCE: BUDUDA DISTRICT SECTOR CASH BOOK

It was noted that sometimes the district delays to remit the funds to the sectors from the general fund account. For example, UShs 53,875,000 received on 30th Jan 2010 as LGMSD but transferred to the sector account four month late on 6th May 2010. The delays in remittance of the funds affect timely execution of the projects.

The district also had substantial unspent balances as at end of the FY 2008/09 (end of June 2009) for which they sought for permission to utilise from the Accountant General that was granted. The balances were:

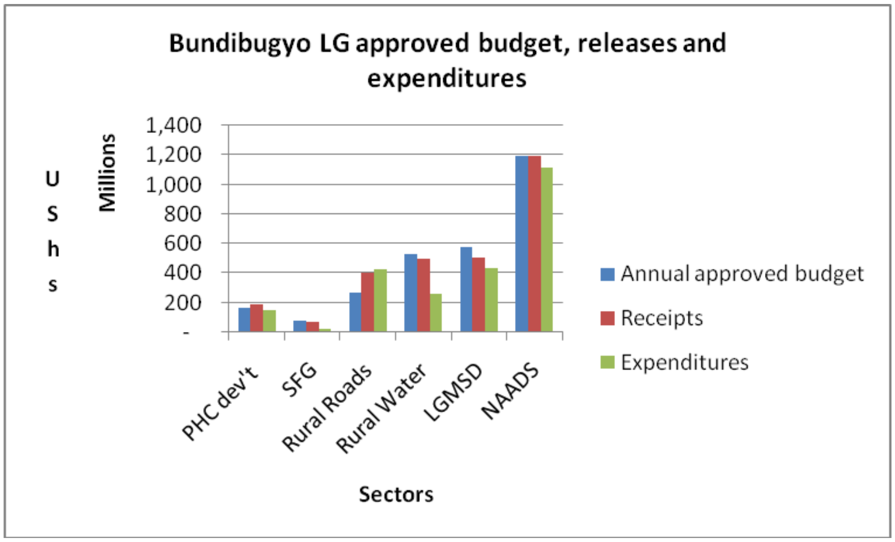
Sector	Amount
LGMSD	24,096,202
SFG	9,261,539
PHC development	33,364,185

2) BUNDIBUGYO LOCAL GOVERNMENT

The district received funds for the FY 2009/10 for the sectors under review which were promptly remitted to the respective sectors. All the funds received were remitted to the sectors. At the end of the FY 2008/2009 the district had unspent balances totaling to UShs 75,007,000 which was spent without authority from the PS/ Secretary to the Treasury. The monitoring team established that the CAO on 30th July 2009 wrote to the Secretary to the Treasury seeking for permission to utilize the unspent balances but no authority was obtained and or efforts made to follow up.

Regarding releases, the MFPED performed at more than 95% for all the development grant releases. However, there was a complaint that the approved IPF numbers for the NAADS and PHC development were conflicting with the numbers on which the releases were based. For instance the IPF budget for NAADs was UShs 1,708,409,000= which was later revised to 1,195,790,000 also being the amount released by the MFPED to the district. The IPF budget for PHC development was UShs 550,000,000 but the third and fourth quarter release schedules indicated the budget as UShs 167,540,000 which was different from the earlier IPF numbers communicated to the district on which the workplan was based. According to the district staff the changes were not earlier communicated to the district authority but they read the figures from the release schedules. This meant that they had to adjust the work plan in the third quarter which distorted the plan.

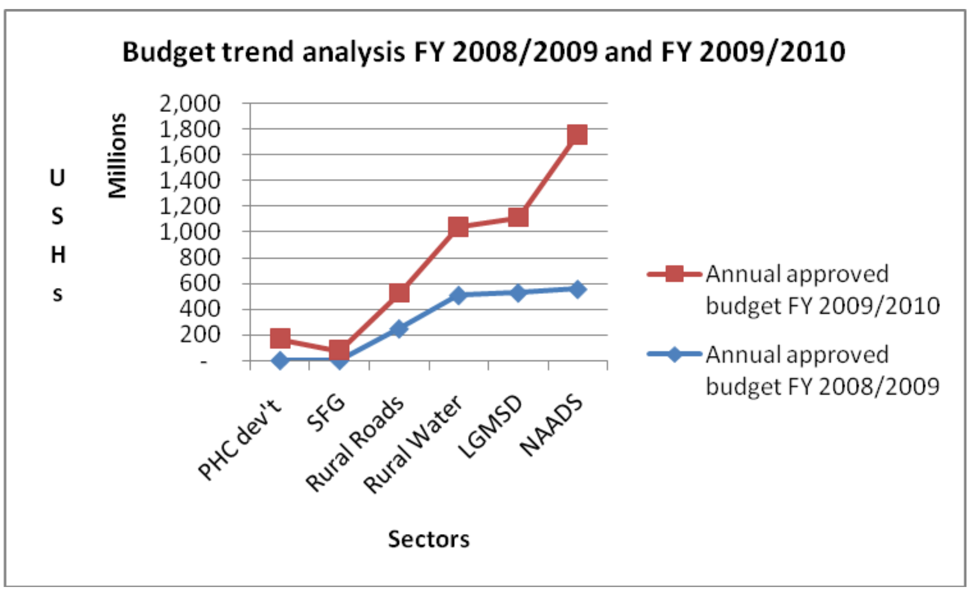
Figure 2.4: The amounts received and spent against the approved budget.



Source: Bundibugyo District fund account and sector accounts and reports

The programs/ sectors which registered poor absorption were the SFG, PHC development and rural water whose absorption rates were 30%, 72% and 53% respectively. The poor absorption for the SFG funds were attributed to late award of contracts for latrine construction in seven schools coupled with the poor terrain. However, the works were on going and the team was informed that efforts were made to complete the work. The balances on the rural water account were to cater for procurement of a departmental car and completion of the construction of the boreholes whose process was ongoing.

Figure 2.5: Budget trends analysis for FY 2008/09 and 2009/10 for Bundibugyo district



Source: District accounts/ cash books

From figure 2.4, all the sectors registered an upward trend in the annual approved budget of the FY 2009/10 compared to FY 2008/09. There was no budget for SFG and PHC development in the FY 2008/09 but had a budget of UShs 77,000,000 and 167,540,000 respectively. The budget increments in the FY 2009/10 for other programs / sectors were as follows: NAADS 114%; rural water 3%; rural roads 9 % and 10% for LGDP.

It was established that the district CAO and CFO diverted LGMSD funds to cater for operational expenses in total disregard of the financial regulations. The following diversions were made from the LGMSD account:

Table 2.11: Borrowing from the LGMSD account.

DATE	AMOUNT	DETAILS
21/04/2009	13,600,000=	To cater for operational activities
21/04/2009	6,360,000=	To cater for the councilors retreat
21/04/2009	907,500=	To cater for physical verification

Source: district LGMSD cash book

Regarding the borrowing from the conditional grants, *the CFO stated that the borrowing amounted to UShs 351Million which stretches far back in 2004*. According to the CFO, the money was meant to cater for the shortfall in the council revenue. The breakdown of the borrowing was as follows; LGMSD 150 million; Health 63 million; UNICEF 32 million; Equalisation grant 80 million and works 26 million. This matter raised an audit query but little effort has been made to refund.

3) **Fortportal Municipal Council**

Efforts to get all the information were futile as the Municipal Treasurer was doing ACCA examination. However, the team rang him and he promised to forward the data but all in vain. All the efforts to get the information proved futile.

The data presented is based on the information obtained from the Municipal planner on receipts and lacks the expenditure details.

The municipal council received the development grant funds on time and remitted it to the sector accounts promptly. It was established that the council had a substantial unspent balance as at end of the FY 2008/09 amounting to UShs 319,839,663 as follows:

LGMSD	122,103,464
Roads	162,728,327
PHC development	35,007,872
	319,839,663

The substantial unspent balances as at end of the FY were brought about as a result of the late award of the contracts. According to the Municipal Planner, the funds were committed and therefore the municipal council sought for permission to retain the funds for appropriations in the current financial year. The authority to use the unspent money was granted by the Accountant General in his letter dated 18th August 2009.

Regarding releases, it was confirmed that the municipal council received funds for the following grants: SFG, PHC development, urban roads and LGMSD. It had no budget provisions for the water sector and NAADS. All the funds received were promptly remitted to the sector accounts.

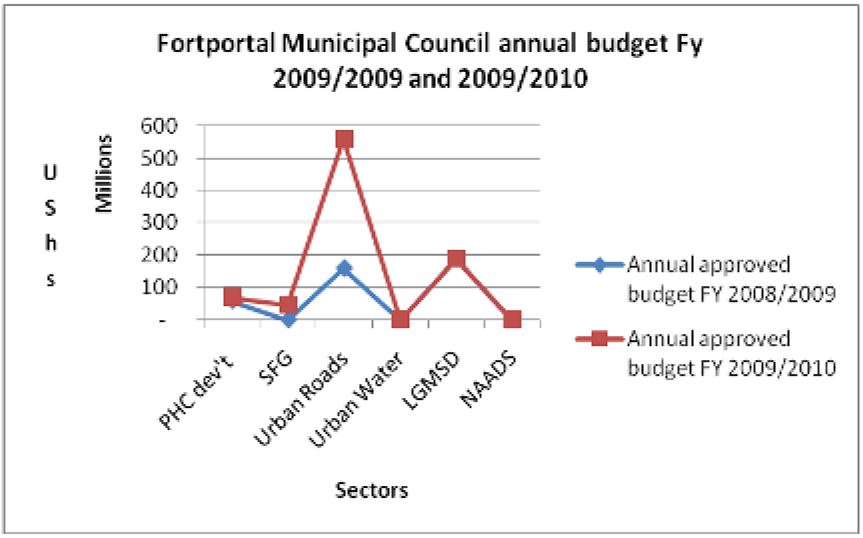
Table 2.12: The amount received against the approved budget.

Item	Annual approved budget	Receipts	Release performance %
SFG	46,000,000	44,127,000	96
PHC Dev’t	70,567,000	65,902,000	93
Urban roads	560,520,000	411,319,680	73
LGMSD	189,507,000	141,045,000	74
NAADS	0	0	
Urban Water	0	0	

Source: Municipal council accounts

The release performance for urban roads and LGMSD stood at 73% and 74 % respectively at the time of monitoring on 16th June 2010.

Figure 2.6: Budget trends for approved budget for FY 2008/09 and FY 2009/10



Source: Fortportal annual budget FY 2008/09 and FY 2009/10

There was improvement in the budget provision for the FY 2009/10 as compared to FY 2008/09 in all the grants that received funding as shown in figure 2.8. There was remarkable increase in the urban roads fund by 249 % and 17 % for the PHC development while SFG received UShs 46 Million during the FY 2009/10 as compared to none in FY 2008/09.

4. **JINJA MUNICIPAL COUNCIL**

The Municipal council received funds for all the four quarters for the development grants. All the funds received were promptly remitted to the sector accounts. The release performance was generally good save for the road fund money that had an approved budget of UShs 392 million but received a total of UShs 183 million (47 %).

Table 2.13: The annual approved budget, releases and payments

Item	Approved annual budget	Receipts	Payments	Release performance %	Absorption %
SFG	46,500,000	44,120,000	24,700,000	95	64.8
PHC devt	74,160,000	70,430,000	70,660,000	95	100
Works-LGMSD	301,030,000	284,990,000	248,000,000	95	96.4
Works- PAF	392,310,000	392,310,000	392,310,000	100	100
Road Agency	392,310,000	183,030,000	133,000,000	47	67

Source: Municipal council cashbooks and cash releases schedules

There was low absorption of the SFG and the PHC development funds whose absorption rates were 64.8% and 67% respectively. According to the district officials, the low absorption of the funds was attributed to the small budget provision which was worsened by the little funds received on quarterly basis. As a result, the implementation of the projects normally delays until all the funds are received to make a substantial impact. According to the Municipal Senior Accountant the project implementation started in the third quarter hence the low absorption rates. Because of the little amount received for PHC development, the funds received were allocated for implementation of only one project of the doctor's house at Mpumudde Division.

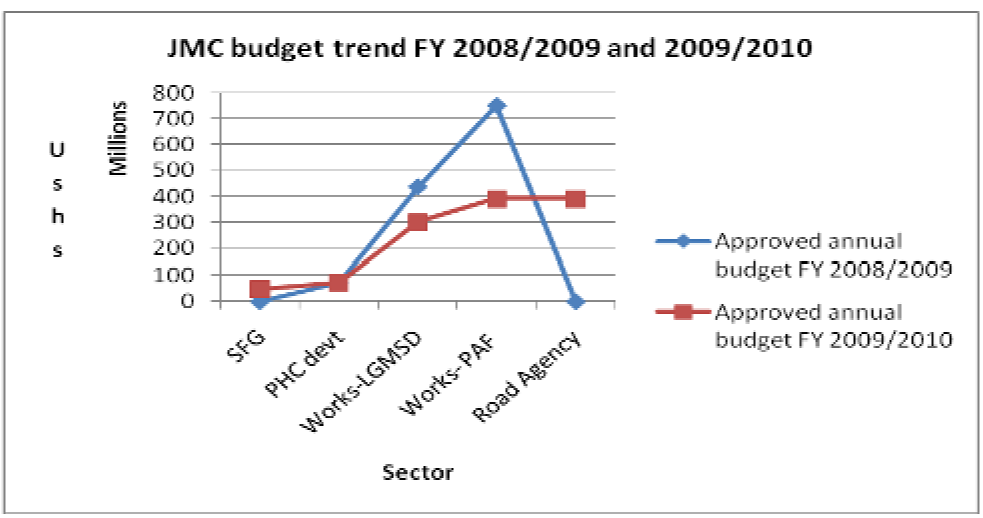
The Municipal council had unspent funds at the end of the financial year 2008/2009 as follows:

Sector	**Unspent balances**
SFG	8,400,000
PHC development	54,800,000
Works-LGMSD	5,200,000
Works- PAF	6,700,000

It was confirmed that permission to utilize the unspent funds was obtained from the Accountant General's office and by the time of the monitoring, all the funds had been utilized.

The trend in the approved budget for the two financial years 2008/09 and 2009/10, shows a decline in the works budget both for the LGMSD and the PAF funds by 31% and 47.7 % respectively.

Figure 2.7: The budget trends in the two successive financial years of 2008/09 and 2009/10



Source: District approved budget FY 2008/09 and FY 2009/10

5. **KABAROLE LOCAL GOVERNMENT**

The district received the GoU development grant for the FY 2009/10 for the programs/ sectors under review. All the funds received were promptly remitted to the sector accounts and were being absorbed save for the PHC development funds that had an absorption rate of 7.8 % . The low absorption of the funds was as a result of the delayed procurement of the contractors. The final batch of the award of the contracts for the various projects under health was done on 14th June 2010.

Figure 2.8: The district annual approved budget, releases and expenditures for FY 2009/10

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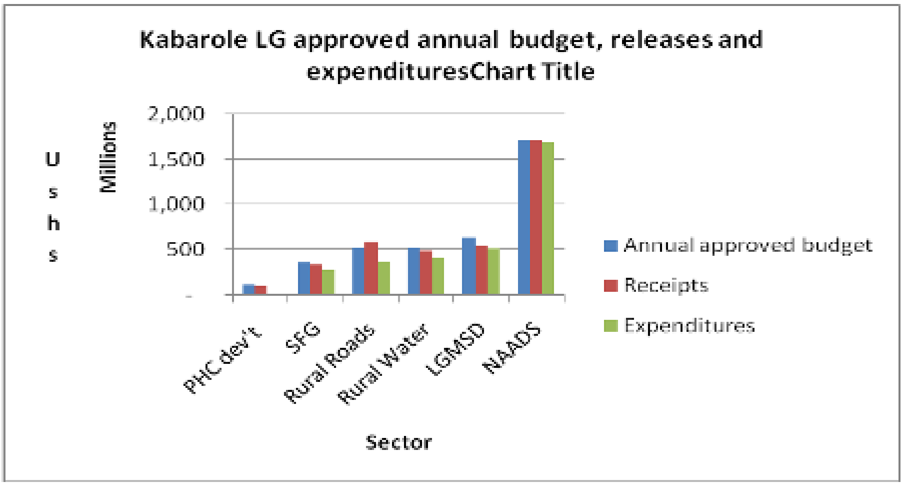
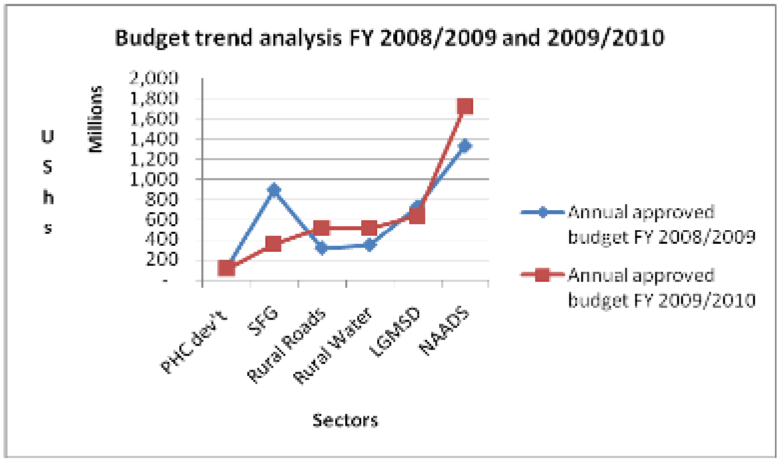


Source: District accounts / cash book

The implementation of the projects under rural roads was also lagging behind with an absorption rate of 62%. The sector received a total of UShs 583.6 million which was over and above the annual budget of UShs 520 million by UShs 60 million. All the contracts for the projects had not been finalized by the time of the monitoring. The district had a total of Ushs 45.5 million as unspent balances as at the end of the FY 2008/09 for which it obtained permission from the Accountant General in his letter dated 7th Sept 2009 to spend. The unspent balances were also on Production account of UShs 3,597,501 and UShs 41,946,108 on Health account. All the retained funds (unspent funds) had been utilized by the time of the monitoring exercise.

The approved budget for the FY 2009/10 as compared to the budget of FY2008/09, three grants declined. PHC development grant fell by 9%: SFG 61% and LGMSD 13% while rural water, roads and NAADS registered an increment in their annual budget of 49%’ 65% and 29% respectively. The details are given in figure 2.9.

Figure 2.9: Budget trend analysis for the FY 2008/09 and FY 2009/10



Source: District Approved annual budgets.

6) KAPCHORWA LOCAL GOVERNMENT

The local government duly received all the grants for the FY2009/10 for the sectors of PHC development, SFG, rural water, rural roads, LGMSD and NAADS which were timely remitted to the spending units. The release performance for the sectors of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS was 94%, 94%, 94%, 97%, 94%, and 100% respectively.

Funds absorption on the other hand was extremely low with the following absorption rates PHC development 10%; SFG 9%, rural water 24%; rural roads 44%; LGMSD 67%and NAADS 98%.

The extremely low 10% absorption rate for the PHC development level was attributed to the projects that were ongoing but had not yet reached a level for payments execution. The projects included; construction of; an Out Patient Department at Benot, Kwanyiy Health Centre two (HCII), Doctor's house, Staff house at Cheplinya HCII, Chepsukunya HCIII Out Patient Department and Equipment procurement. The fore mentioned projects amount to UShs 434, 099,991/= which was to be off set before the end of FY2009/10 according to the Chief Finance Officer.

The poor absorption of the PHC development was also compounded by the unspent balance as at close of F/Y2008/09 of UShs81, 060,284/= of which a total of UShs58, 000,000/= was still on the account by the time of monitoring. These funds were meant for the construction of maternity and children ward at Kaseremi Health Centre III and works were still ongoing. The District disregarded the Accountant Generals letter that allowed them to utilise the unspent funds before end of Dec 2009

Under the Education sector, the poor absorption rate of 9% was attributed to a series of projects under way whose payments had not yet been made. The projects included: the two sites which were for construction of two class rooms at Kaplegep primary school and Tumgoboi primary school; the other projects were for completion of one class room at Kapsukununyo primary school; six class rooms for construction at Cema primary school of which four had been completed and two soon to be completed. Other schools where construction of class rooms was under way included: Chemwania; Kapteret; Bujimoto; Kapmelko and Binyiny primary schools.

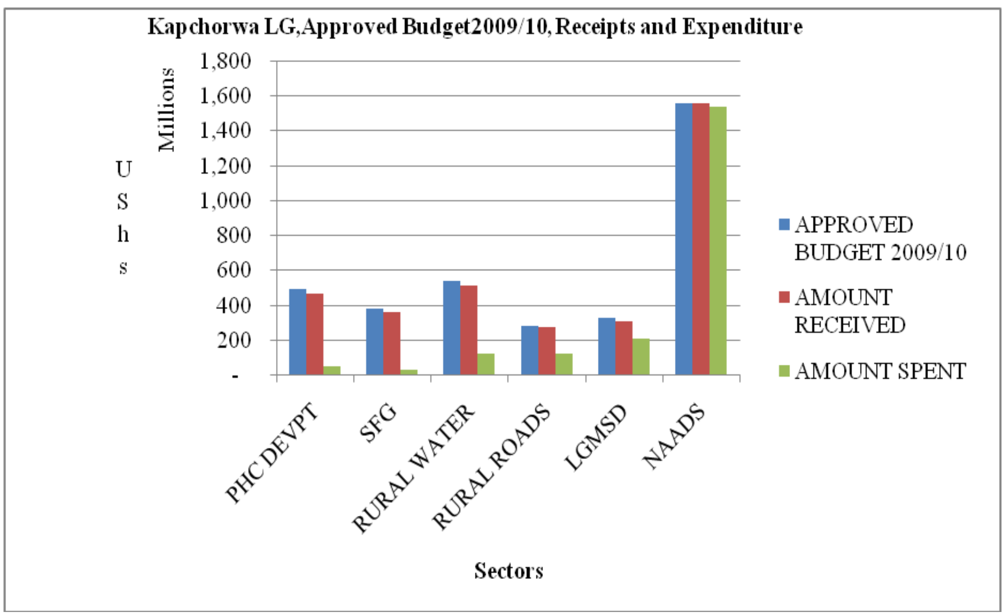
Other projects were construction of five stance latrines in six schools and a three stance latrine in onother. It was noted that the construction had not yet started because the materials to be used in the latrine substructure are supplied by Crest Tank Limited which delayed the supplies.

It was reported that the poor absorption rates were also due to the delay in the initiation of the procurement process. The delay was attributed to the frequent changes in the senior staff for instance the change of CAO and the absence of the CFO who had been interdicted since the first quarter of FY2009/10. Award of contracts started in March 2010 and some of the contracts had been awarded in May 2010 and therefore the project implementation started in June 2010.

NAADS had commendable absorption rate and this was because its receipts are primarily transfers to sub-counties.

The details in figure 2.10 relate to the release and absorption performance of the funds released.

Figure 2.10: The approved budget FY2009/10, receipts and expenditures



SOURCE: KAPCHORWA DISTRICT GENERAL FUND ACCOUNT & SECTOR CASH BOOKS

It is clear from figure 2.10 that absorption was low as explained above while the releases on the other hand performed well against the budget.

The district also received some grants from the Uganda Road fund but the absorption was still poor.

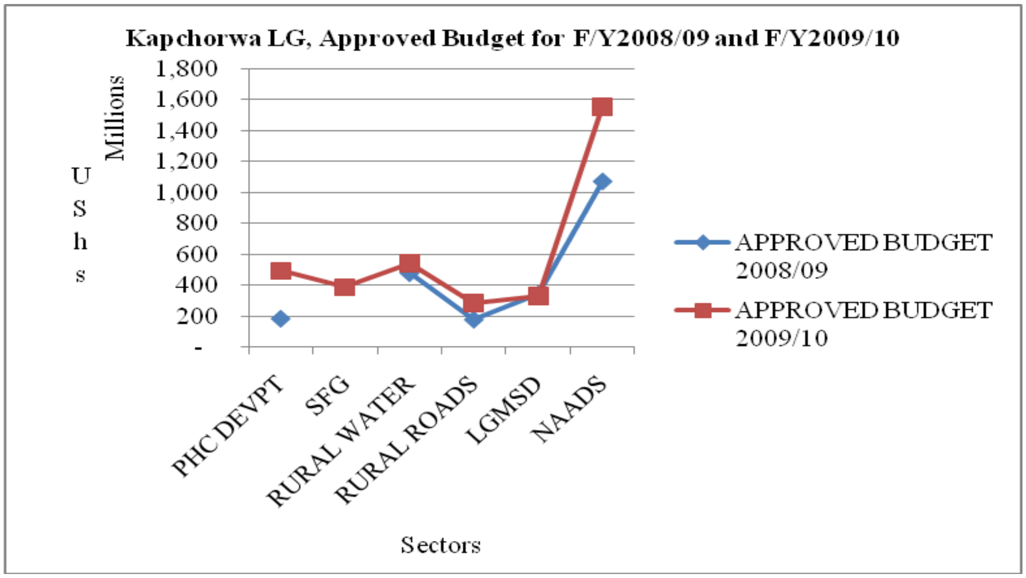
TABLE 2.14 UGANDA ROAD FUNDS ABSORPTION LEVELS

Sector	Bal b/f 01/07/09(UShs)	Amount received (UShs)	Amount spent (UShs)	Bal C/F-outstanding 24/06/10
RURAL ROADS	43,930,000	156,030,803	61,270,645	94,760,158

SOURCE: KAPCHORWA DISTRICT SECTOR CASH BOOK

Budget trend was also analyzed for FY2008/09 and 2009/10 as shown in figure 2.11,

FIGURE 2.11: ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/09 AND FY2009/10



Source: Kapchorwa District General Fund Account

It is clear from figure 2.11 that there was a general upward trend in the approved budget for the financial years under review for most of the sectors under consideration with the exception of LGMSD which had a small down turn.

7). **Sironko Local Government**

Sironko local government received the GoU development grant for the program/ sectors of; NAADS, SFG, PHC Development, Roads and Rural Water for the FY 2009/10. All the funds received were promptly remitted to the sector accounts.

The district had unspent balances as at end of the FY 2008/09 as shown in table 2.15

Table 2.15: The unspent balances brought forward as at end of FY 2008/09

SECTOR	Unspent balances 30/06/2009
LGMSD	8,169,190

SFG	265,786
PHC Devt	99,917

The absorption levels of the funds received was very low in all sectors except the NAADS and the LGMSD which had transferred the funds received to the lower units. The worst performance was registered with the SFG which had an absorption rate of 13% of the funds received. It was established that the expenditures so far made were to the tune of UShs 97 million in respect to the normal release and no funds had been utilized of the SFG-PRDP component. A total of UShs 499.5 million was received as PRDP funds reflecting a release of 100% of the entire annual SFG- PRDP budget. The low absorption of funds was also registered in the health department with the PHC development funds whereby a total of UShs 196.8 million was spent of the UShs 783.2 million (25 %).

Table 2.16: The approved budget, releases and absorption levels FY 2009/10 including the PRDP funds

	Annual approved budget	Receipts	Expenditures	Releases perf. %	Absorption %
PHC dev't	794,900,031	783,205,000	196,840,656	99	25
SFG	809,464,395	768,182,000	97,490,656	95	13
Rural Roads	701,073,630	679,655,848	------	97	0
Rural Water	588,122,741	563,621,251	-------	96	0
LGMSD	518,182,000	488,685,000	465,464,221	94	95
NAADS	2,456,031,000	2,456,030,000	2,409,730,666	100	98

Source; District account cashbook and sector cashbook

The Monitoring team established that the failure to utilize the PRDP component stemmed from the following:

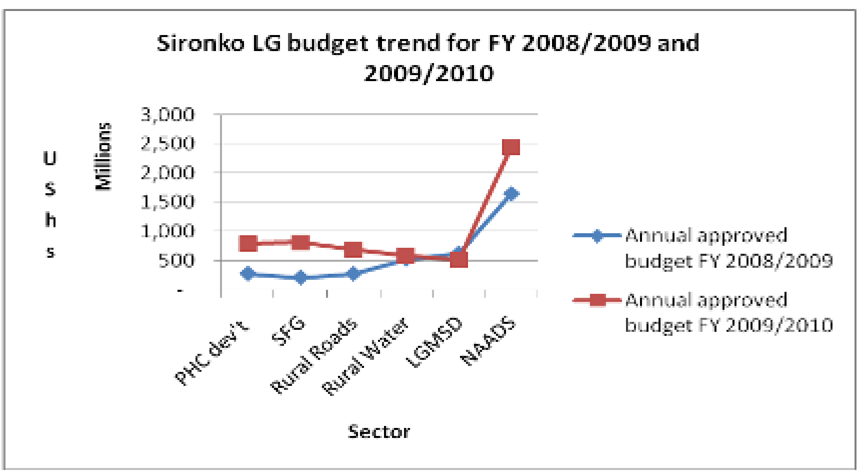
- A mix up in the guidelines regarding the management of the PRDP funds. Initially the district opened up a separate PRDP account where all the releases for PRDP were banked and all the expenditures were to be processed through. Overtime some quarter remittances were banked on two separate sector accounts that is the PRDP account and different sector accounts. This meant that funds were managed at different levels which created a laxity in the funds management. For instance the SFG- PRDP releases for the 1st, 3rd, and 4th quarter were banked on the SFG account whereas the 2nd quarter release was banked on the PRDP account. This means that the funds are being spent at two different levels. The sector heads of department felt that it is their duty to manage the

PRDP funds other than the district planners who had not been involved in the preparation of the workplan and had little or no input in sector activities. This conflict has greatly affected the timely implementation of the projects and partly explains why all the PRDP funds have not been spent.

- Slow procurement process attributed to the lengthy procurement systems that include seeking approval from the Solicitor General's office for contracts of works that exceed UShs 50 million. According to the CAO, the exercise takes a minimum of one month to obtain approval from the Solicitor General's office. However, the monitoring team established that the procurement process started late and in some instances had not been concluded.

There was a general increase in the approved budget for the sectors under review as seen in figure 2.7 apart from LGMSD which registered a decline of 18 %. Its annual approved domestic development budget for the FY 2009/10 was UShs 518.2 million as compared to UShs 624.7 for FY 2008/09. Other sectors registered substantial increases in the grants as follows: PHC development 188%; SFG 291%; rural roads 158 %; rural water 11.4%; and NAADS 48.7 %. The increase in the budget levels was largely attributed to the additional PRDP component.

Figure 2.12: The approved budget for the FY 2008/09 and 2009/10



Source: Sironko approved budget for FY 2008/09 and 2009/10

8) TORORO LOCAL GOVERNMENT

The local government received grants for the FY2009/10 from the MFPED which were timely remitted to the spending departments. The release performance was rated at 43%, 98%, 84%, 80%, 95%, and 99% for the sectors of PHC development, SFG, Rural water, rural roads, LGMSD and NAADS respectively.

The absorption rates were poor particularly for the PHC development and SFG which were at 38% and 14% respectively. A more detailed analysis of the budget, receipts and expenditure in table 2.17.

TABLE 2.17: THE APPROVED BUDGET FY2009/10, RECEIPTS, EXPENDITURES, BALANCE, AND PERCENTAGE RELEASE AND ABSORPTION RATES.

Sector	Approved budget FY 2009/2010	Bal b/f 01/07/09(UShs)	Amount received (UShs)	Amount spent (UShs)	Outstanding bal 23/06/2010 2010(UShs)	Releas e perf. %	Absorp tion rates(%tage)
PHC DEVPT	491,126,343	135,887,792	214,052,032	81,461,457	268,478,367	43.5	38
SFG	473,255,299	70,095,937	465,881,259	69,614,124	396,267,135	98.4	14
RURAL WATER	997,958,000	-	844,003,000	768,163,671	134,640,117	84.5	91
RURAL ROADS	1,336,236,000	38,939,218	1,073,065,784	735,614,715	337,726,281	80.3	68
LGMSD	760,738,000	171,759,733	727,912,000	634,617,742	266,587,393	95.6	87
NAADS	2,064,165,000	17,491,030	2,064,164,000	2,043,347,819	62,836,511	99.9	89

SOURCE: TORORO DISTRICT GENERAL FUND ACCOUNT AND SECTOR CASH BOOKS

The low absorption rates were attributed to delays in the procurement process. The projects at the time of monitoring had commenced but had not yet reached the level of payment.

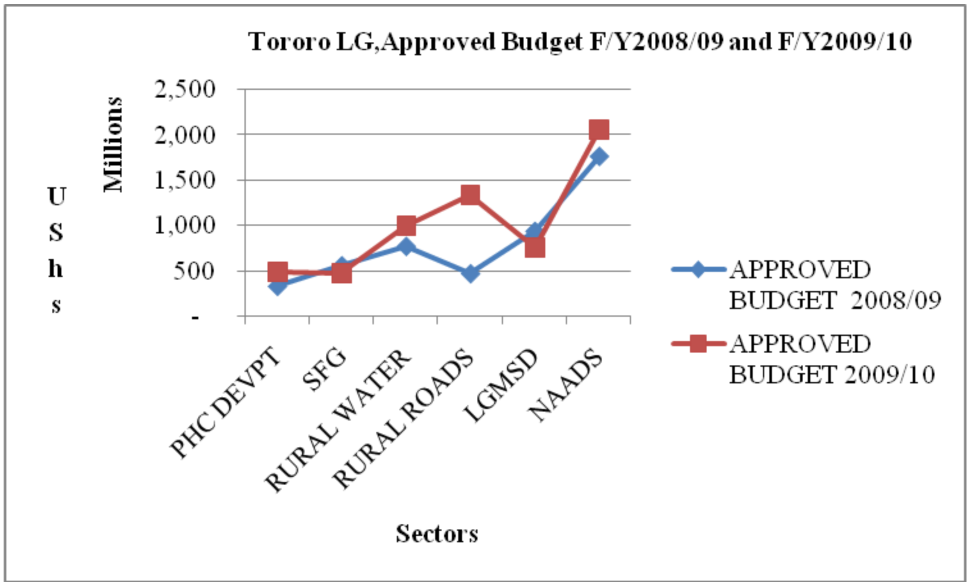
The district had huge unspent balances as at end of the FY 2008/09 as follows:

Sector	Balances
PHC development	135,887,792
SFG	70,095,937
Rural roads	38,939,218
LGMSD	171,759,733
NAADS	17,491,030

The district CAO had sought for authority from the Secretary to the Treasury to spend the funds which had been obtained. The district had huge unspent balances as at close of the financial year and this has taken it sometime to spend the balances brought forward.

Budget trend was also analyzed for FY2008/09 and 2009/10 as shown in figure 2.13.

FIGURE 2.13 :ANNUAL APPROVED BUDGET TREND ANALYSIS FOR FY2008/09 AND FY2009/10



SOURCE: TORORO DISTRICT GENERAL FUND ACCOUNT

It's clear from figure 2.13 that there is a fluctuating budget trend for the financial years under review with clear reductions in SFG and LGMSD for the FY2009/10.

9) TORORO MUNICIPAL COUNCIL

The local government duly received all the grants from the MFPED for the sectors under consideration with the exception of LGMSD that did not receive all the grants. Release performance was at 94%, 94%, 99% and 68% for the sectors of PHC development, SFG, Urban roads and LGMSD.

The release performance was commendable with the exception of the LGMSD whose release was far below the approved budget.

The absorption rates were average: PHC development 69%: SFG 75%; urban roads 57% and LGMSD 106%.

The works sector had the lowest absorption rate. It was primarily because the sector received a supplementary budget of UShs 497,156,000 on the 25th, May, 2010 meant for the renovation and extension of the office building. The monitoring team found out that the award of contracts was done on 23rd, June, 2010 and work was yet to start.

Under the Urban roads sector the Municipal Council still has funds for resealing the roads network, for the contract was awarded on the 23rd, June, 2010.

The low absorption on the PHC development account was primarily because the contractor building a maternity ward at Mudakori HCII was slow and had not yet provided the completion certificate to enable processing of payment.

Works under LGMSD had been completed and awaiting certificate of completion and most of the works were under health and works sectors.

The SFG absorption rate was 75% at the time of the monitoring and works were ongoing for construction of five stance latrines at five schools in Tororo police primary school, St kizito primary school, Elgon view primary School, Rock view primary and Ogutti primary school.

The Municipal Council also received a total of UShs358, 503,000/= as PRDP funds that were allocated for works as resolved by the council officials. Most of the funds were absorbed as shown in the table 2.18.

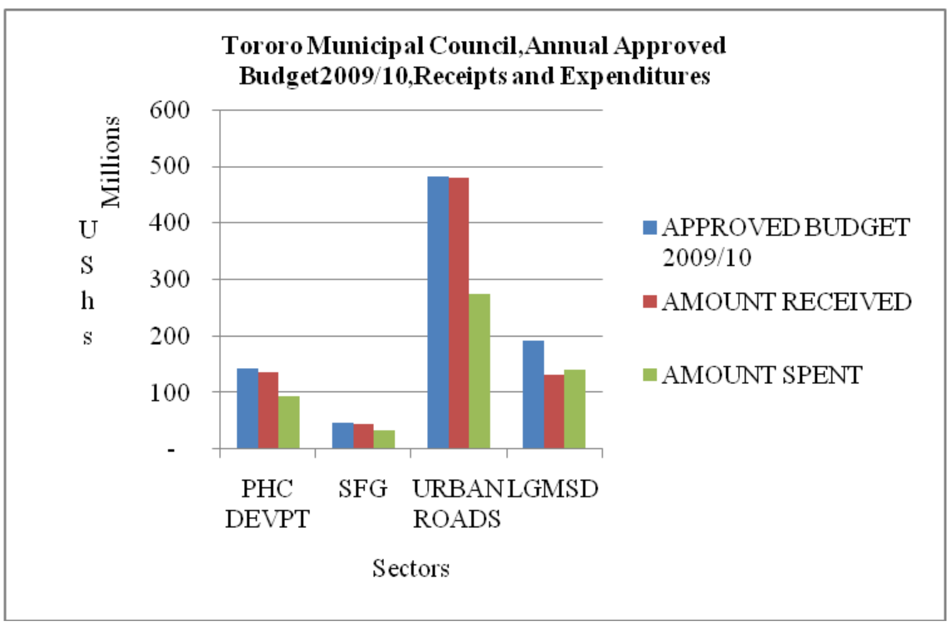
TABLE 2.18: APPROVED BUDGET, RELEASES AND ABSORPTION FOR PRDP FUNDS

Sector	Approved budget 2009/10(UShs)	Bal B/F 01/07/09(UShs)	Amount received (UShs)	Amount spent (UShs)	Outstanding balance 23/06/10
WORKS	358,503,000	0	358,334,077	228,590,428	129,743,649

SOURCE: TORORO MUNICIPAL COUNCIL SECTOR CASH BOOK

The figure below details the release to the municipal council by the MFPED and absorption performance by the local government.

Figure 2.14: The approved budget FY2009/10, receipts and expenditures

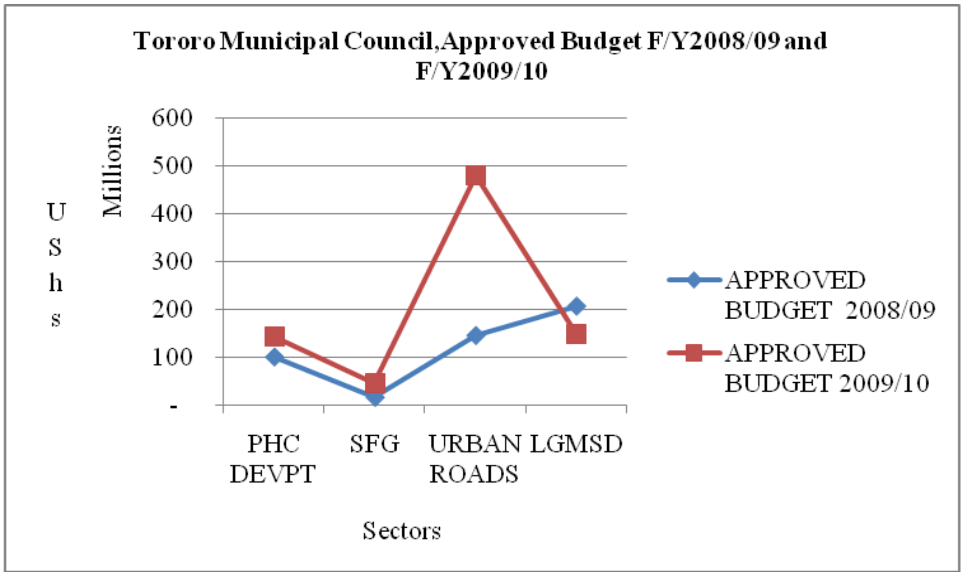


Source: Tororo Municipal Council General fund Account and Sector Cash Books

It's clear from figure 2.14 that funds absorption is still average and the reflected excess of expenditure over the receipts on the LGMSD account is attributed to cofunding by the district.

Budget trend was also analyzed for FY2008/09 and FY2009/10 as shown in graph 2.15,

Figure 2.15: Annual approved budget trend analysis for FY2008/09 and FY2009/10



SOURCE: TORORO MUNICIPAL COUNCIL GENERAL FUND ACCOUNT

It's clear from figure 2.15 that there was a general upward trend in the approved budgets for the financial years under review for the sectors under focus with the exception of LGMSD account.

2.4 Conclusions

2.4.1 Financial performance

C) Central Government/Ministries

- **Releases.**

There was no ministry among those monitored whose receipts were 100% of the approved domestic annual budget but it was in the range of 53%- 99%. UNRA had the least release performance of 53%. *This was attributed to the requirement of proof of absorption of the funds and also tightened accountability measures for the MDA's to access quarterly releases whereby the sectors are required to timely submit the performance form A and the quarterly progress reports.*

Instead of remitting funds on quarterly basis, some projects received the entire funding in the fourth quarter for instance project 1111- Soroti fruit factory received a total of UShs 3.062 billion in the fourth quarter.

- **Absorption of funds**

The absorption of the funds received, was generally good in the range of 98% - 100% for the MDA's monitored as per the IFMS. However, higher rates of expenditures were skewed during the fourth quarter as compared to the first three quarters. This implies that most projects are implemented in the fourth quarter.

- **Reallocations**

There were a number of reallocations within the vote functions and or projects. The votes that were affected were Vote 019 Ministry of Water and Environment and Vote 016 Ministry of Works and Transport. Reallocation of funds between the projects implies that there was poor planning on the part of the sector at the initial stages of budgeting whereby activities were not properly costed making the project appear as if it had more funds than required.

- **Budget trend analysis**

Most of the sectors registered an increment in the approved budget amount over the two financial years of 2008/09 and 2009/10. The sectors which recorded an increment were: MAAIF (31%); Ministry of water and environment (38%); Ministry of Energy and Mineral resources (58.2%); Ministry of Education and Sports (25%); UNRA 17%. Ministry of Health registered a decline in the budget of 0.5%. Presidential initiative on banana (64.5%) while the development of industrial parks was a decrease of 62%.

- **Supplementary releases**

There was additional supplementary budget of UShs 2.2 billion meant to cater for taxes under Vote 014- Ministry of Health. This affected four projects 0216 District infrastructure support programme; 0224 Imaging and theatre equipment; 1027 Institutional support to the Ministry of Health and 1123- Health systems strengthening.

D) DISTRICTS

- **Lack of timely information on adjustments in the IPF figures.**

Some districts complained that changes in the IPF are not timely communicated to enable them effect changes in the budget and that final releases as indicated in the release schedules were based on the revised budget which they lacked information of. This therefore affected efficient and effective implementation of the workplan.

- **Internal borrowing**

The CAO and CFO of Bundibugyo LG had diverted LGMSD funds to cater for operational expenses in total disregard of the financial regulations. The borrowing amounted to UShs 351Million which stretches far back in 2004. *Further, the district spent a total of UShs 75,007,000 being unspent balances as at end of the financial year 2008/09 without authority from the Secretary to the Treasury.*

- **Releases**

There was evidence of timely releases (development grant) by the MFPED to the districts and also the districts to the sector accounts. In some cases releases for rural roads were at 100% by the second quarter. Some districts delayed to remit the funds received to the sectors for instance: *There was a delay of the remittance of LGMSD funds totaling to UShs 53,875,000 received by Bududa local government on 30th Jan 2010 for the third quarter but was remitted to the sector four month later on 6th May 2010.*

Absorption of funds

There was generally low absorption of development grant funds received for the period in all the grants monitored. The low absorption was noted in all the districts visited and all of them had huge unspent balances at year end. The sloppy performance was largely attributed to late approval of the budgets as most districts councils approved the budgets in the month of September to November 2009 ; late submission of procurement plans user departments to the procurement officers.

The worst poor absorption levels were registered with the PRDP funds. Some districts that receive the PRDP funds raised the following challenges as the reason for poor absorption of the funds;

- For the case of Sironko LG, all the funds received had not been spent because funds for the 1st, 3rd and 4th quarter were sent to the sector accounts to be managed by the sector heads while the 2nd quarter funds were banked on the PRDP account under the control of the district planner who was not involved with the sector activities but was managing the expenditures. There was a feeling on the part of the sector heads that it was not the duty of the district planner to offer an oversight role when he was not involved in the formulation of the sector activities to be carried out.

- Conflicting instructions from the office of the Prime Minister and the MFPED in respect to the management of the funds. OPM insisted that separate PRDP accounts should be opened in which PRDP funds should be banked while the MFPED insisted that sector PRDP funds should be banked on the sector program accounts

- **Late award of contracts**

It was noted that some districts awarded contracts late for instance some awards were done in June. This definitely leads to failure to complete the projects in time.

- **Non –remittance of unspent conditional grants to the consolidated fund.**

The case of non- remittance of un-spent conditional grants as at end of the financial year is still prevalent in all the districts sampled. The districts always claim that the unspent balances are committed. The act of allowing districts to retain the unspent balances at year end makes them complacent and fails to implement the development budget work plans/ activities in time because they know they will be given permission to spend the money.

- **Budget trend analysis**

There was generally no significant upward change in the annual approved budgets for the FY 2009/10 as compared to FY 2008/09. Some of the districts visited had a slight increment while others experienced a downward trend.

2.4.2 Recommendations

Financial performance

- District should comply with the provisions of the Public Finance Act and regulations regarding unspent balances at end of the financial years and return the unspent balances to the consolidated fund. This will encourage the district officials to ensure that projects are implemented on time.
- Disciplinary action should be taken against district accounting officers (CAO and CFO of Bundibugyo District in this instance) for utilizing the unspent balance for development grants amounting to UShs 75,007,000 without authority from the Secretary to the Treasury.
- The CAO Sironko should take disciplinary action against the Senior Accounts assistants of Education and that of Works for failing to keep uptodate books of accounts. The cash books had been last posted in April 2010 and information could not easily be obtained.
- The OPM and the MFPED should guide the districts on the operations and management of the PRDP funds to avoid conflicting instructions.
- Procurement process in local governments should be speeded up to avoid low absorption of funds. Districts should also be advised to start on the procurement process in the initial month of the financial year. The Public Procurement and Disposal unit should provide more support to this effect

CHAPTER 3: PHYSICAL PERFORMANCE

3.1 AGRICULTURE

3.1.1 Introduction

The mission of the agricultural sector is to "*Transform subsistence farming to commercial agriculture"*. The strategic objectives focus on enhancing crop and animal production and productivity, value addition, food security, sustainable use of natural resources, increased household incomes and efficient and effective use of public funds. To realize the mission and strategic objectives, the Government in FY 2009/10 prioritized the following areas for financing in agriculture[3]:

1) Provision of improved seeds, planting materials and animal breeding stock;
2) Strengthening Agricultural Advisory Services
3) Provision of physical agricultural infrastructure
4) Commodity development – coffee, cotton, cocoa, tea, vegetable oil, fish, livestock
5) Water for Agricultural Production
6) Epidemic diseases, parasites and pest control
7) Quality assurance and regulatory services
8) Primary and middle-level agricultural processing and marketing
9) Agricultural research and technology development
10) Tsetse Fly and Trypanosomiasis control, and
11) Institutional development for agricultural sector institutions and local governments.

Scope of monitoring work

In FY 2009/10, the BMAU tracked the budget and outputs in 10 programmes that are implemented by MAAIF, its associated agencies and local governments (Table 3.1.1) to assess the extent to which these budget priorities are being tackled. For the NAADS programme, several districts were monitored in FY 2008/09 and many audits were being conducted in FY 2009/10 by various accountability arms of Government. Hence, it was not necessary or cost-effective for BMAU to look at this programme again this year. However, Kiboga district was specifically monitored to provide information on some audit queries and complaints from the beneficiaries. The choice of programmes and districts to monitor was guided by the following criteria:

i. The projects make a major contribution to the realization of the following sector budget priorities:

[3] MFPED, 2009a; MAAIF, 2009; MAAIF, 2009a.

- Provision of improved seeds, planting materials and animal breeding stock;
- Provision of physical agricultural infrastructure
- Commodity development – coffee, cotton, cocoa, tea, vegetable oil, fish, livestock
- Epidemic diseases, parasites and pest control
- Quality assurance and regulatory services
- Tsetse Fly and Trypanosomiasis control, and
- Agricultural research and technology development**.**

Table 3.1.1: Programmes monitored in Agricultural Sector in FY 2009/10

Project Code	Programmes monitored	Sampled areas/institutions	Period of Monitoring
0091	National Livestock Productivity Improvement Project (NLPIP)	Kamwenge, Lyantonde, Bushenyi, Mpigi, Nakasongola, Masindi, Mubende, Isingiro, Kiruhura, Kyenjojo, Kumi, Lira, Kamuli, Kyegegwa, Nakaseke, Buyende, Ngora	FY 2008/09 Q4, FY 2009/10 Q4
	National Agricultural Advisory Services (NAADS)	Kiboga	Q1
0077	Agriculture and Marketing Support Project	Yumbe, Arua, Koboko, Soroti, Amuria, Katakwi, Masindi, Sembabule, Nakaseke	Q1, Q4
0104	Support for Tea Cocoa Seedlings Project	Bundibugyo, Mukono, Luwero, Kibaale, Mayuge, Hoima, Masindi, Mpigi, Wakiso, Kamuli, Iganga, Kiyunga	Q1, Q4
0968	Farm Income Enhancement and Forest Conservation Project (FIEFOC)	MAAIF, Kabarole, Kamwenge, Kyenjojo, Luwero, Bududa, Manafwa, Kumi	Q2
500	Performance Contract Form B: Implementation by District Production Sector	Tororo, Mubende, Mityana, Kayunga	Q2
0969	Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa	MAAIF	Q2, Q3
0083	Farming in Tsetse Controlled Areas (FITCA)	MAAIF, Jinja, Mayuge, Tororo, Kayunga, Iganga, Mbale, Budaka, Manafwa,	Q3

		Kamuli	
0969	Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa Refurbishment of Insectary at NaLIRRI	MAAIF, Kalangala Tororo	Q3
1012	Integrated Pests and Disease Management	Mayuge, Iganga, Hoima	Q3, Q4

Source: Author

ii. Monitoring close to half or all the implementing districts for each programme. With the exception of NAADS that is implemented countrywide, most of the other agricultural development projects are mainly implemented in the western, central and eastern parts of the country and less in Northern Uganda which thus influenced the sampling frame. **Not withstanding the fact that certain commodities are best suited to certain climatic and soil conditions, it is vital that equity is achieved in the distribution of agricultural projects geographically by ensuring that the Northern region too benefits substantially since the negating factor of war has since ceased.** Admittedly, most of the ongoing agricultural development projects were conceived in the 1990s when war was still raging in Northern Uganda, hence the region was not deemed suitable for implementation.

iii. The programmes receive substantial GoU and Donor financing.

iv. The monitoring in the fourth quarter of FY 2009/10 focused on those projects that had been monitored at the beginning of the year to review progress. Progress was more or less the same by the end of the financial year for projects that were monitored in the third quarter. Hence, these did not form part of the monitoring framework in Q4.

Methodology

Data collection methods included documentary reviews, key informant interviews both at the central and local government level, focus group discussions, observations and photography. Among the categories of officials met at the national and local government level were:

- MAAIF Commissioners
- National Project Coordinators
- Chief Administrative Officers (CAO)
- LCV and LCIII Chair persons

- Principal Personnel Officers (PPO)
- District Entomologists and Assistant Entomologists
- District Veterinary Officers
- District Production Coordinators
- Other District Production Sector Staff
- Programme/project beneficiaries
- Contracted private firms/tenderers

Limitations

i. Redistricting has led to loss of records and institutional memory as staff are re-deployed between districts.
ii. Accessing financial data for MAAIF projects remains a major challenge.
iii. Agricultural investments are remotely located in inaccessible areas which made monitoring work difficult.
iv. The ongoing process of converting all extension staff to NAADS has brought low morale and confusion such that institutional memory on various programmes is being lost.

3.1.2 Agriculture Marketing Support Project

Background

The Agriculture and Marketing Support Project is a World Food Programme (WFP) supported Government of Uganda (GoU) project that commenced in 2002. Whereas the project was intended to end in December 2005, it was extended to 2010 to complete unfinished tasks. The primary beneficiaries of this project are displaced people and vulnerable groups. Its main objective is to enable poor small-scale farmers to increase their incomes and food security so as to make a shift to more sustainable livelihoods. The project has two components: 1) Food for Assets (FFA) component and 2) Market Support Component.

The monitoring work during the first quarter of FY 2009/10 assessed the Food for Assets Component that was using food incentives to facilitate the creation or rehabilitation of community assets. MAAIF had reported that among its deliverables during FY 2008/09 were 200 fish ponds excavated and stocked with fish and over 10,000 acres of tree planted in the West Nile Region. BMAU monitored the fish farming sub-component. The overall purpose of the fish farming sub-component was to promote and enhance commercial farming in Arua, Yumbe and Koboko. WFP entered into a partnership with NUSAF to extend the project in the Teso and

Lango regions with the establishment of a further 120 ponds. The detailed monitoring findings were reported in the BMAU report of November 2009[4] and are summarized below.

During the fourth quarter of FY 2009/10, the BMAU team made follow up visits to this project to assess the performance of the Market Support Component. The detailed findings on physical performance of this component are reported below.

Progress Update

Disbursements

During FY 2008/09, donors injected US$ 1million in the Agriculture Marketing Support Project while Government disbursed counterpart funding equivalent to Shs 60 million to MAAIF to implement and monitor the project all totaling to Shs 1,661,000,000/=. In the previous year 2007/08, Government released Shs 200 million to MAAIF as counterpart funding[5].

Physical performance of Food for Assets (FFA) Component

During Q1 of FY 2009/10, the BMAU team visited the 6 districts of Yumbe, Arua, Koboko, Soroti, Amuria and Katakwi were the FFA Component was being implemented. The following were the main findings from this visit:

1. The fish farming component in the West Nile and Eastern Region was found to have been concluded/wound up in FY 2007/08 in the districts although the Agricultural Ministerial Policy Statement of FY 2009/10 was reporting actual outputs of 200 fish ponds in FY 2008/09. In Yumbe for example, the project was concluded in FY 2006/07. This was mis-reporting of outputs.
2. Over 120 ponds were excavated in the districts of Yumbe, Koboko and Arua during the period 2004-2007, although a significant fraction was neither completed nor stocked with fish. The monitoring team found that many of the ponds had dried up due to poor silting resulting in interruption of the water sources, lack of maintenance and neglect due to lack of fish seed. Sustainability of this intervention was generally low as the incentive of providing food for assets and work had ceased which led to breakup of the community groups.
3. There was nevertheless good performance and sustainability of this intervention in Koboko district were further support was obtained from ADB Fisheries Development Project and NAADS after the conclusion of the Agriculture Marketing Support Project. Under the WFP support, 50 ponds were excavated, 26 stocked with fish while 24 were not stocked and these were abandoned by farmers. The monitoring team found that all the

[4] MFPED, 2009.

[5] MFPED, 2009a.

ponds were now functional after farmers received fish feeds, fingerlings and assorted equipment.

4. Several ponds were excavated in Soroti, Katakwi and Amuria district, although many were not stocked with fish. Some ponds were found to be still operational while many others had dried up. However there were serious challenges noted by the monitoring team relating to poor service delivery by WFP, lack of transparency and proper accountability, insufficient monitoring of the project by MAAIF and consequently low value for money in the project. In Katakwi district, the beneficiary groups had petitioned WFP and NUSAF for loss of funds and non-delivery of the fingerlings. In Soroti district, immature fingerlings were reported by the beneficiaries to have been delivered by WFP resulting in high mortality rates.
5. In conclusion, this project component helped communities to excavate ponds while enhancing food security in its early stages of implementation. However, the primary goal of self-reliance and sustainability of interventions at community level has not been realized except in areas where successor projects have taken over. The integration of MAAIF projects into district development plans was recommended for sustenance of interventions once the projects wound up.
6. None of the districts visited acknowledged having seen MAAIF staff monitoring this project in its entire life. It was recommended that MAAIF should strengthen its supervisory role of central government projects that are implemented in districts to improve service delivery and value for money.

Performance Contract Indicators for FY 2009/10

Most of the interventions under this project are of a recurrent nature including procurement of a vehicle, undertaking grain training workshops and field visits and producing quarterly market information bulletins. Under the development component, MAAIF planned during FY 2009/10 to achieve the following, through WFP support:

- Promote community projects including 200 fish ponds in Teso and Lango regions, opening 1,671 acres of agro-forestry (1.7 million seedlings planted) and seed multiplication particularly cassava and sweet potatoes (1,300 acres of land).
- Purchase by WFP of 6,536 metric tonnes of maize and 435 metric tonnes of beans from small scale farmers. This totals to 6,971 metric tonnes of grains.
- Provide grain storage facilities to farmer groups, one each in Masindi, Nakaseke and Sembabule districts (this was not included in the performance contract although it was a planned activity).

The first indicator on fish ponds was monitored in Q1 of FY 2009/10 and the summary findings have been presented above. The monitoring work during Q4 focused on the last two indicators (purchase of maize and storage facilities and the detailed findings are presented below.

Financial performance

The approved budget for the Agriculture Marketing Support Project in FY 2009/10, was UShs 370,000,000[6]. By the end of the first 3 quarters of the year (July 2009-March 2010), 299,777,779 or 81 percent of the budget had been released and payments worth UShs 239,776,667 were made. This was Government counterpart funding. Information could not be easily accessed on donor financing for this project by WFP in FY 2009/10.

Physical Performance for Market Support Component

Grain purchase

The monitoring team found that the mobilization for local procurement is jointly done by MAAIF and WFP. During calendar years 2009 and part of 2010, a total of 7,066 metric tones of grains was purchased from the farmer associations under this project (Table 3.1.2). This was above the target of 6,971 metric tones of grain that was anticipated in the MAAIF Performance Contract indicating excellent performance on this indicator. Disaggregated data for the tonnage of each commodity procured was not readily available.

Table 3.1.2: Purchases from farmer associations 2007 – 2010

Year	Procurement (MT)	Value (US$)
2007	6,383	1,167,377.00
2009	6,314	2,440,823.00
2010 (by June)	2,752	652,283.00
TOTAL	15,449	4,260,483.00

Source: MAAIF data, June 2010.

Note: Procurement in MT include Maize Grain, Maize Meal, Beans, Unimix (CSB), & Vegetable Oil

Grain storage facilities

The monitoring team visited the three districts where the grain storage facilities were to be built – Masindi, Nakaseke, Sembabule – to access progress in construction/installation.

MASINDI DISTRICT

Performance

[6] MFPED, 2009b.

The monitoring team found that during FY 2009/10, MAAIF/WFP had provided a rubhold (tarpaulin storage facility) to an Area Cooperative called Pakanyi United Farmers Enterprise comprising of 16 farmer groups and 445 members. The Area Cooperative had started in 2006 as a small project to empower youth and the poor, supported by an NGO, Build Africa. Build Africa provided equipment and trained farmer groups from the parishes of Kyakamese, Kiruuli, Laabong and Kyatiri in maize production and demonstration farms that resulted in a bumper harvest and the need to bulk produce. The Cooperative rented a warehouse in Masindi town from where they sold the produce to buyers from Kampala, Sudan and neighbouring districts. Support from Build Africa ended in 2009 by which time a Savings and Credit Cooperative Organisation (SACCO) had been formed by the Cooperative.

Maize in stock in MAAIF/WFP Rubhold in Masindi District

The temporary storage structure constructed by WFP on the 3 acre land owned by the Cooperative has a storage capacity of 350MT. The Cooperative had sold maize grain to WFP at UShs 680 per kg of shelled maize. The group also acts as a seed multiplication centre for NASECO Seed Company. The monitoring team found that the cooperative had supplied 216MT of seed at the rate of UShs 600 per kg to NASECO Seed Company during the first season of 2009.

A contract of 130MT had been signed for supply to WFP in 2010. In storage was 244MT of maize awaiting buyers.

Beneficiary satisfaction

Box 3.1 provides the beneficiary satisfaction with the rub hall.

Box 3.1: Beneficiary satisfaction of Pakanyi United Farmers Cooperative with the Storage Facility

The beneficiary farmers expressed great satisfaction with the rubhold (storage facility) provided by WFP/MAAIF due to the following results:

- Bulking has enabled farmers to get a better price for the produce.
- The Cooperative is preparing to register under the Ware House Receipt System.
- Strengthened links with the NAADS programme that finds it easier to work with large organized groups.
- The Cooperative charges a commission of 13% of the funds derived from bulk sales which is used as operational funds. From these operational funds, farmers are availed with inputs such as fertilizers, seeds, hiring of tractors through input loans on which an annual interest rate of 20% is charged.

- The Cooperative has also secured collaboration from other development partners such as USAID under the Market Linkages Initiative for the construction of additional stores.
- Previously the group used to hire the stores at a cost of UShs 9 million per annum but with the construction of the stores these costs have been eliminated.
- They also used to incur transport costs because they used to transport their produce to various districts in search of the market. With the construction of the stores, the buyers have a collection centre where they can collect maize produce in bulk thus reducing the transport costs.
- The stores have also boosted the confidence of the farmers and as a result, farmers' production has increased due to the presence of a ready market.
- A simple warehouse system has been instituted at the rub hall; the receipts given at the rubhall for produce delivered are used as collateral at the SACCO. The SACCO provides agricultural loans against the receipts.

The main challenge is that the current storage capacity of 350MT is too small as the Cooperative produces up to 500-600MT of maize per season. Other challenges are that the floor of the storage facility is murram exposing the grain to moisture and rodents; the structure is not secure as it is made of tarpaulin; it is too costly to pay guards (UShs 140,000 per month); insufficient funds to facilitate collective marketing and WFP may not buy from the cooperative as the tonnage remains small due to lack of inputs like tractors and fertilizers.

Source: Key Informat Interview with Business/Secretarial Manager, Pakanyi United Farmers Cooperative Ltd, Masindi District.

Recommendations

1) Provision of more storage facilities, particularly the more permanent types. Alternatively, the Government should provide seed financing for enabling the Cooperative build more permanent stores using share capital.
2) MAAIF/WFP should equip the rubhold with moisture meters, weighing scales and stitching machines.
3) Government to provide crop finance to the Cooperative for expansion of production and purchase more inputs (fertilizers, tractor hire).

NAKASEKE DISTRICT

Performance

The BMAU monitoring team found that two rubholds each of 350MT had been constructed in Nakaseke district by MAAIF/WFP during FY 2009/10. The rubholds were given to Kapeke Maize Growers Association that had launched into commercial maize production under the stewardship of General Salim Saleh of Namunkekera Project. The association leased 500 acres from Namunkekera project, of which 300 acres was planted with maize during 2009/2010. The association partnered with NAADS to provide farm inputs to farmers including maize seeds, fertilizers, herbicides, pesticides that resulted in high output requiring bulk marketing. The district approached MAAIF that introduced the Agriculture Marketing Support project in Nakaseke district during FY 2009/10.

The two stores of total capacity 700 MT were already in use. By the time of the monitoring visit in June 2010, 500 tonnes of maize grain were in storage and another 600 tonnes were expected from the current seasons. NAADS had provided tarpaulins for spreading on the murram floors for the storage facilities. Namunkerera Project also provided maize seed. The association had also created a link with maize millers in the district in order to add value to their produce by producing flour.

Left: One of the Rubholds in Nakaseke district Right: Farmers produce stored in the rub hall

Beneficiary satisfaction

The beneficiaries interviewed were grateful for this initiative because previously, farmers used to experience up to 20% losses attributed to poor post handling methods which is no longer the case with the produce bulking system. There is a ready market for the bulked produce at a good price. The following challenges were noted however:

1) The temporary storage facilities require high investment costs before they can be used effectively, For example, the association invested 50 trips of murram worth UShs 6.4 million on the floor and wooden stands worth UShs 8.2 million to raise the bags from the ground. Constructing the floor with concrete would require UShs 60 million that the association does not have.
2) The tarpaulin structure is not ideal for storage and does not meet the storage standards. For example, rodents come through as the rubhold is not tight on the ground; moisture seeps through gaps; high humidity due to the tarpaulins.
3) Lack of crop finance for hiring tractors and paying farmers promptly. The management of the association tried to access loans from commercial banks and Microfinance Support Centre Ltd without success due to stringent requirements.
4) Difficulty of expanding production using a hoe.

Recommendations

The managers and farmers of Kapeke Maize Growers Association recommended the following:

1) The Association should be piloted for a concessional grant from the Government to enhance their production and marketing which can later be rolled out to other areas if it proves successful.
2) Government should build silos possibly at regional and district level.
3) Provision of tractor hire services for commercialization of agriculture.

SEMBABULE DISTRICT

Performance

The district officials in Sembabule reported that the Agriculture Marketing Support project was introduced to them by MAAIF officials in April 2010. The district was asked to identify 2 sites in areas that have high levels of maize production. The two sites – Lwebitakuli and Lwemiyaga – were identified and appraised. The communities in the sites were briefed about the project and requested to make a contribution of murram to the project. A Memorandum of Understanding was signed between the district and MAAIF, although a copy was not left in the district. At the time of the monitoring visit in June 2010, the labhold had not been constructed yet and the district officials were still waiting for progress from MAAIF.

3.1.3 Integrated Pests and Disease Management

Background

The Integrated Pests and Disease Management (IPPM/BBW) is a successor project and scale up of the best practices derived from an earlier project that was supported by the Food and Agriculture Organisation (FAO) known as 'Improved Integrated Production and Pest Management to Control Banana Bacterial Wilt Project in Uganda'. The project was intended to control the banana bacterial wilt (BBW) that was first reported in 2001 in 2 districts and was confirmed to have spread to 33 districts by 2005. The FAO supported project was implemented during September 2006 to September 2008 working with farmers to provide them with knowledge and information needed to effectively control BBW. It was implemented in 5 districts namely: Mbarara, Mukono, Kiboga, Kamuli and Lira.

Among the achievements of the FAO supported project were: between 2,500 and 3,000 farmers were organized in groups and trained in banana improved production and pest management; 1,500 acres of old plantation were rehabilitated and 500 acres of new banana plantations were established; farmer field schools (FFS) were established in 20 selected sub-counties and over 100 extension workers and NAADS Coordinators were trained in improved banana management. The project demonstrated that Farmer Field Schools methodology was suitable for developing sustainable farmer groups to contain the banana bacterial wilt disease. It was recommended this approach should be scaled up and rolled out to other parts of the country.

As a follow up, MAAIF started in FY 2008/09 to implement the IPPM/BBW project in Hoima, Iganga and Mayuge districts and plans to scale up to other districts in the coming years. This is a 100% financed government intervention. In a bid to enhance banana production and productivity, MAAIF is promoting the use of improved integrated production and pest management (IPPM) technologies through increased adoption of high yielding banana seed by farmers. The core activities of this intervention include first the identification of production constraints in selected project areas and agreed solutions and second, mobilization of communities for project activities and third, capacity building through training and provision of banana suckers for demonstration sites.

Performance Contract Indicators for FY 2009/10

The MAAIF Performance Contract for FY 2009/10 indicated that the following would key indicators of performance for this project:

- Disease free tissue cultured banana planting materials distributed to 5 more districts
- 100 banana mother gardens established
- 100 FFS established
- 12 technical back stopping visits to districts undertaken
- 40 farmer facilitators trained on nutritious meals preparation.
- Supervision and monitoring at community level.

On the basis of these planned activities, MAAIF communicated to the implementing districts in March 2010 indicating that MAAIF would provide clean banana planting materials for establishment of four (4) improved banana mother gardens of 0.5 acres each. A total of UShs 3.3 million would be provided to each district for farmer mobilization and site selection (UShs 300,000) and farmer training and activity supervision (UShs 3,000,000)[7].

Financial Performance

The approved budget for the IPPM/BBW Project in FY 2009/10 was UShs 300,000,000. Releases to MAAIF in the first three quarters of the year July 2009 – March 2010 totaled UShs 199,800,000 or 67% of the approved budget. Almost all the releases (UShs 190,085,000) was paid out by the end of Q3.

Physical performance

In its Q2 FY 2009/10 progress report, MAAIF reported the following progress:

- Assessment of banana production status undertaken in Iganga, Mayuge, Luwero, Nakaseke and Wakiso districts.

[7] Letter to CAO Hoima District from MAAIF dated 3rd March 2010.

- Stakeholder consultative meetings in Rukungiri and Kibaale districts.
- 3,000 banana plantlets procured for Hoima, Mayuge and Iganga districts
- 2 mother gardens established in each of the districts Hoima, Mayuge and Iganga districts,

Field findings

The monitoring team accessed reports that indicated that the first two activities – assessment of banana production and stakeholder consultations had been held as planned. The district officials in Iganga, Mayuge and Hoima districts also confirmed having been consulted by MAAIF officials on site identification for the banana demos. The MAAIF officials reported that banana plantlets had been procured and that the distribution to the three districts was ongoing. The findings on the last two indicators are presented below.

HOIMA

Performance

Hoima district officials confirmed having received 900 improved banana suckers from MAAIF on 17th May 2010. These were sufficient to establish 3 mother gardens each of ¾ acre. These were delivered to three farmers – one in each of the sub-counties Kizirafumbi, Buhimba and Kitoba. The monitoring team visited the farmers who confirmed receipt of the suckers one week earlier from the date of the visit (24th May 2010). The suckers were planted by the farmers.

The district officials acknowledged having received UShs 3.3 million from MAAIF in March 2010 that was used to mobilize farmers.

Challenges

The following challenges were identified by the farmers and district officials:

1) Delay in delivery of materials by MAAIF. They were delivered when the dry season had started and hence the purpose of the project may not be realized as planting was done in the drought season.
2) Suckers were very few resulting in very low coverage. The project is likely to have very low potential impact.
3) Three instead of four sites were planted because one farmer opted out of the project due to lack of initial investment costs associated with opening up land.

The monitoring team noted that the freshly planted gardens were in bush because the farmers were complaining of lack of funds for labour and equipment such as pangas.

Recommendations

- MAAIF should increase the number of suckers delivered to each district so that more sites are established for increased impact.

IGANGA

Performance

Although the MAAIF progress reports indicated that 2 mother gardens had been planted in Iganga, there was no evidence of this. The district officials indicated that they were still waiting for delivery of suckers from MAAIF. They expressed ignorance on the name and overall intention of this project as the information provided by MAAIF officials to the district was very scanty.

MAYUGE

Performance

Similar to Iganga district, the district officials in Mayuge district were still waiting for the delivery of planting materials from MAAIF. Sites had been identified but there had been no further communication from MAAIF hence no work done.

Conclusion

Generally, the IPPM/BBW project is underperforming as many performance indicators have not been met during FY 2009/10. Some of the outputs that were reported as completed have not been implemented yet despite the disbursement of most funds as planned. The factors that might be leading to slow implementation need to be identified for further action. At this rate of implementation, the goals of the intervention are unlikely to be achieved.

3.1.4 National Livestock Productivity Improvement Project (NLPIP)

Background

The National Livestock Productivity Improvement Project (NLPIP) was launched in 2003 under Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) with the objective of increasing household incomes in the cattle corridor through enhanced livestock productivity and marketing. Total project cost is UA 33.60 million, jointly financed by an ADF loan of UA 23.74 million, Technical Assistance Fund (TAF) grant worth UA 2.79 million, GoU UA 3.17 million, Local Governments UA 1.88 million and the balance by beneficiaries (UA 2.02 million). The project which is being implemented in 42 districts has five components[8]:

- **Livestock Genetic Resources Development**: oxen, indigenous breeding cows and goats provided to poor rural households; support to Animal Genetic Resources Centre and Data

[8] GoU, 2002.

Bank (NAGRIC&DB) and Makerere University Goat Farm to produce better quality breeding sires including rehabilitation of Ruhengere and Kasolwe Ranches.

- **Animal Health**: addressed major vector-borne and epidemic livestock diseases and regulatory services to control animal movement.
- **Water Supply and Forage Resources Development**: includes construction/rehabilitation of livestock watering facilities, support to pasture seed production (managed by Uganda Seed Ltd) and assistance to 300 farmers in 9 districts to establish demonstration plots for rangeland improvement.
- **Livestock market infrastructure and information systems**: rehabilitation of livestock marketing facilities, construction of slaughter facilities, dissemination of marketing information and capacity building for farmers and staff.
- **Project Management**

Performance Contract Indicators for FY 2009/10

The key annual performance indicators of the NLPIP project as agreed in MAAIF Performance Contract A for FY 2009/10 were as follows:

1) Rehabilitation/construction of 4 cattle dips and 3 cattle crushes
2) 16 livestock markets completed
3) 19 slaughter sheds completed
4) 10 water reservoirs completed

These targets were consolidating the work done in the previous FY 2008/09 where it was planned that 12,000 goats and 1,200 cattle would be distributed, vaccines procured and vaccination done for birds and cattle, 10 dips and crushes rehabilitated, 22 livestock markets and 17 slaughter shades constructed, 8 valley tanks rehabilitated, veterinary regulations enforced and disease surveillance carried out, among many other activities.

It was reported by MAAIF[9] at the end of FY 2008/09 that the cattle and goats were procured and distributed and were being monitored, vaccines and animal drugs had been distributed and works had commenced on 3 dips, 2 crushes, 8 valley dams and tanks, 13 livestock markets and 9 slaughter sheds. The NLPIP project was planned to end in 2009 but got an extension to finally close by December 2010 to enable satisfactory completion of the various infrastructures.

Financial Performance

Table 3.1.3 summarizes the sources of finance for the NLPIP project and the actual fund disbursement as of December 2009, the latest reporting period[10].

Table 3.1.3: Loan disbursement for NLPIP as of 31 December 2009

[9] MAAIF, 2009.

[10] MAAIF, 2010.

Sources of Finance	Loan amount		Disbursement		Undisbursed balance	
	Amount	%	Amount	%	Amount	%
ADB Loan (UA)	23,740,000	70.65	20,598,509	86.70	3,141,491	13.30
TAF Loan (UA)	2,790,000	8.30	2,790,000	100.00	0	0.00
GoU Contribution (Shs)	7,328,496,000	21.05	3,594,253	47.78	3,734,243,000	52.22
Total	33,600,000	100				

Source: GoU and ADB, 2009; MAAIF, 2010.

Substantial progress has been made in loan disbursement since March 2009 from 77.21% to 86.70% of the ADB loan by December 2009 and from 23.36% to 52.22% of GoU counterpart funding in the same reporting period; 100% of the technical assistance fund had already been disbursed by March 2009. Although the government had doubled its expenditure towards counterpart funding, the releases were still minimal given the fact that the project is moving towards completion. The expectation is that by now, 100% counterpart funding would have been released. Government of Uganda is responsible for financing the recurrent costs and 26% of civil works. Inadequate counterpart funding had slowed project implementation.

Earlier monitoring work done by BMAU in the fourth quarter of FY 2008/09, an evaluation by GoU and ADB[11] and an efficiency review of the project conducted by EPRC in 2008[12] concluded NLPIP as having a high leakage of funds transferred to districts. Examples were cited - in 2006/07 Bushenyi district was taken to have received Shs 22,830,000 but records revealed that no funds were transferred; Pallisa was taken to have received Shs. 23,990,000 in the same period but only 7,440,000 was receipted reflecting a leakage of 69% of total funds. In FY 2007/08, a leakage of 4.1% was noted[13]. The causes of fund leakage should be identified and dealt with in the second phase of the project if it is granted. Funds disbursement to districts was noted to be erratic, a problem that should also be minimized in future to aid proper planning.

Annex 2.1 summarizes the allocations and actual disbursements to the individual infrastructure projects

Physical Performance

Overall performance

[11] GoU and ADB, 2009

[12] EPRC, 2008.

[13] EPRC, 2008.

In this section, a summary of the overall physical progress of the key components of the NLPIP project since inception in 2003 up to date is presented as reported by MAAIF[14] - refer to Table 3.1.4, Table 3..1.5 and Annex 3.2 for further details. Overall, the NLPIP project has progressed fairly well although falling short of meeting many targets. Although some marketing infrastructure has been completed, construction was still ongoing for several of the livestock markets, slaughter sheds and cattle dips. Works were still continuing on 14 livestock markets and 12 slaughter sheds by December 2009.

Table 3.1.4: Physical progress of NLPIP against planned activities as of December 2009

Activity	Target	Achievements
Rehabilitate and restock Ruhengyere & Kasolwe farms	2 farms rehabilitated, Ranches to produce 580 bulls and 667 bucks	Ongoing rehabilitation but slow; Restocked farms with a total of 2,400 cattle, 300 Mubende goats and 120 Boer goats. Ranches have produced 212 bulls and 129 bucks
Procurement and distribution of local goats for restocking by constrained active women farmers	23,000	13,234 provided (9,925 to women)
Procurement and distribution of indigenous cattle for restocking	16,900	16,906 (10,346 were given to men and 6,560 to women)
Provide indigenous cows to commercial farmers	15,000	Not implemented due to constraining loan conditions
Provide oxen and their ploughs to farmers	5,040 oxen	Not implemented due to constraining loan conditions
Provide credit to farmer groups	3.5million UA	Not implemented due to constraining loan conditions
Purchase and distribution of acaricides, spray pumps and dewormers	1,600 pumps, 3000 litres of acaricides	All bought and distributed
Rehabilitate/construct plunger dips and cattle crushes	20	6 completed; slow execution of works by contractors
Construction of water reservoirs	8 dams, 2 tanks	100% works completed for 8 dams and 2 valley tanks (see Table 3.4)
Construction/rehabilitation works for market infrastructure	23 markets, 26 slaughter sheds	9 markets completed, works ongoing for 14 markets 14 slaughter sheds completed,

[14] MAAIF, 2010; MAAIF, 2010a.

		works ongoing for 12 sheds
Disease surveillances and mass vaccinations	400,000 animals, 6 million birds	1,541,400 birds vaccinated against NCD, 400 animals vaccinated against FMD
Maintenance of rangeland improvement demo sites	50 demo sites; 240 outgrowers provided with pasture seed grass and legumes	81 demo sites set; 240 outgrowers given pasture seed
Forage resources development	Rehabilitate 1500 ha degraded and 1000 ha oversown natural pastures in 20 districts	Carried out in 10 districts totaling 1000 ha and 500 ha over sown.

Source: MAAIF, 2010; MAAIF, 2010a; MAAIF, 2010b.

Most of the planned cattle crushes for Kyenjojo, Nakasongola and Lira districts were not built due to difficulties associated with securing land titles for the land where the facilities were to be built. Performance was best in the construction of water reservoirs that were reported to have been completed (Table 3.1.5).

Table 3.1.5: Water reservoir construction

District	Reservoir	Physical progress
Rakai	Kibanda valley dam	100%
Isingiro	Rwenjubu valley dam	100%
Lyantonde	Makukulu valley dam	100%
Mubende	Lyangoma valley dam	100%
Kiboga	Kasejjere valley dam	100%
Kamuli	Kasira valley dam	100%
Kumi	Ajamaka valley dam	100%
Kitgum	Wangkwo valley day	100%
Lira	Atar valley dam	100%

Source: MAAIF, 2010; MAAIF, 2010a; MAAIF, 2010b.

Many targets under the NLPIP project, however, have been partially met or not met at all. The MAAIF officials and progress reports identified the following as the main constraints that have hindered achievement of the project targets:

1) The **project was too large, amorphous and badly designed**, targeting to solve too many problems in the livestock sector at the same time. Project interventions focused on disease control, pasture growing, nutrition, water reservoirs, marketing infrastructure, market information, meat standards, training in hides and skins, national livestock census,

training district staff at Masters Level and farmer training. The project operated in 42 districts and involved several institutions[15] that resulted in poor coordination. Over 150 contracts have been handled during the project duration.

2) The **project was not fully manned at the beginning** resulting in two dead years of non-implementation. Initially, the project had a Coordinator who is also a fulltime employer of MAAIF and a part time Accountant and M&E Officer. The Deputy Coordinator was recruited in 2007. Although the project was signed off in 2003, it only became effective in 2006 leading to a major lag in implementation.

3) The **loan amount was too small** such that the infrastructure had to be reduced by 70% at mid-term review. Designs were changed for more appropriateness which increased the cost of infrastructure. The disbursement procedures were lengthy resulting in delays in procurement and implementation.

4) **Escalating costs of construction materials** beyond the original costs proposed by the contractors at the time of bidding. This has been aggravated by the delays in project implementation.

5) **Low capacity of small contractors:** The project used small contractors because of the small size of the infrastructures being constructed. Payments were made after completion of work implying that the contractors have to use their own funds for the works and get refunded. Most of the contractors found it difficult to pre-finance the construction work, leading to delays in implementation. Other associated problems included of small contractors included poor financial planning and scheduling of works, inadequate technical capacity, over-commitment in parallel projects and delayed processing of interim certificate

6) **Lack of land titles**: Failure of local governments to acquire land titles for the infrastructural projects, that was a prerequisite for financing under this project.

7) **Lack of operational funds for local governments**: The project was design required own funding by the districts for supervision of the project in their localities and process/purchase land for infrastructural projects. Due to limited resources, districts found it difficult to co-fund this led to failure of the project in some areas.

Recommendations

1. Focusing the second phase of this project on fewer project components that can be effectively implemented and deliver results.
2. To negotiate loans that fully finance the project including supervision and land acquisition.
3. Lumping districts such that all the construction work is done by one large contractor who has sufficient capacity for pre-financing, equipment and managerial skills. However, it was observed that although this is a desirable approach as it would result in speedy implementation of projects, it has a downside: only large domestic and or foreign contractors would be attracted thus stifling the growth of small domestic contractors.

[15] Uganda Bureau of Statistics, Uganda National Bureau of Standards, Ministry of Water and Environment

Field Findings

Overview

The report presents summary findings of the field visits made to the implementing districts during Q4 of FY 2008/09 and reflects on the progress made since then based on the monitoring visits during May-June 2010 (Q4 of FY 2009/10). All the districts acknowledged having progressively received either goats or cattle for the farmer groups since 2007/08, implemented disease control and pasture improvement interventions and benefited from agricultural infrastructure.

Implementation activities under the NLPIP in FY 2009/10 concentrated on completion of the various infrastructures in line with the agreed performance targets. The monitoring work in FY2009/10 Q4 therefore concentrated on monitoring the extent of infrastructure completion under the NLPIP project. The findings are summarized in Table 3.1.6 and discussed in detail later. Table 3.1.7 shows physical performance of other intervention areas in the sampled implementing districts.

Table 3.1.6: Progress in infrastructure completion under NLPIP FY2008/9 Q4-FY2009/10 (Q4)

	Livestock Market		**Slaughter Shed**		**Valley dam**		**Cattle Crush**	
	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10
Bushenyi	100%	100%	100%	100%	–	–	–	–
Isingiro	95%	100%	10%	100%	90%	100%	–	–
Kamwenge	51%	51%	45%	80%	–	–	–	–
Kamuli/Buyende	**	100%	–	–	–	–	–	–
Kiruhura	–	–	99%	100%	60%	**	–	–
Kumi/Ngora	**	100%	**	100%	–	85%	–	–
Kyenjojo/Kyegegwa	10%	30%	5%	60%	–	–	–	–
Lira	**	60%	–	–	–	–	**	0%
Lyantonde	60%	**	–	–	80%	–	–	–
Masindi	40%	95%	–	–	–	–	**	100%
Mubende	40%	**	–	–	95%			
Nakaseke	**	100%	**	100%	–	–	–	–
Nakasongola	40%	100%	100%	100%	–	–	**	100%
Sembabule	**	90%	**	100%	–	–	–	–

Table 3.1.7: Status of implementation of other NLPIP activities and completion rates									
	Cattle Dip		**Valley Tank**						
	08/09	**09/10**	**08/09**	**09/10**	**Goats received**	**Cattle received**	**Disease control**	**Pasture**	**Field station**
Bushenyi	–	–	–	–	400	–	✔	✔	–
Isingiro	–	–	–	–	400	–	✔	✔	–
Kamwenge	–	–	–	–	1200	–	✔	–	–
Kamuli/Buyende	–	–	**	90%	198	–	✔	–	–
Kiruhura	–	–	–	–	700	–	✔	✔	✔
Kumi	–	–	–	–	278	1065	✔	✔	–
Kyenjojo	–	–	–	–	820	–	✔	✔	–
Lira	**	50%	–	–	–	1488	✔	✔	–
Lyantonde	–	–	–	–	616	–	✔	✔	–
Masindi	–	–	–	–	400	–	✔	✔	–
Mpigi	–	–	–	–	1003	–	✔	✔	–
Mubende	–	–	–	–	719	–	✔	✔	–
Nakaseke	–	–	–	–	858	–	✔	–	–
Nakasongola	–	–	–	–	299	–	✔	✔	–
Sembabule	–	–	–	–	1110	–	✔	✔	–

Key

✔ *Activity implemented*

– *Activity not in district* ** *Not available*

% *Percentage completion of works*

Source: Field Observations

ISINGIRO DISTRICT

Interventions in FY 2009/10 focused on completing Kabingo slaughter shed in Isingiro Town Council, Busheka livestock market in Endizi sub-county and Rwejubu valley dam. At the last monitoring visit during Q4 of FY 2008/09, the monitoring team found that the livestock market was almost complete (95%), the valley dam was also near completion (90%) and the slaughter shed was just started (10%). In the monitoring of Q4 FY 2009/10, the team was able to physically monitor the livestock market and slaughter shed. All the facilities were commissioned on 15th January 2010.

Kabingo slaughter shed

The field visit showed that Kabingo slaughter shed had been completed. Its management had been tendered out in May 2009 to Ms. Josephine Nkabiguluka. There was evidence of the facility already in use.

The tenderer noted that the slaughter shed was extremely useful to the surrounding community as it had improved on the hygiene in slaughtering the animals. However, the animals received for


Left: Skeleton slaughter shed at Isingiro TC in FY 2008/10   Right: Completed slaughter shed

slaughtering were still few as the community was yet to fully appreciate the need for using this facility instead of slaughtering animals in the backyard under unhygienic conditions. This has resulted in low revenue to the tendered compared to the fees charged by the Town Council. Box 3.2 gives a simple cost-benefit analysis of the slaughter shed when in use.

Box 3.2: Cost-Benefit Analysis of slaughter shed in Isingiro Town Council

These are the costs and revenues that are incurred on a monthly basis. Every animal that is slaughtered is taxed: UShs 1000 for a goat and UShs 2000 for a cow. The facility design did not cater for poultry, though it would be desirable for this to be taken into account in future. Water was installed so this is not a cost.

Fees paid to Town Council per month = 172,000/=

<u>Gross Revenue per month</u>

- 8 goats slaughtered per day for 26 days x 1000/= per goat = 208,000/=
- 12 cows per month x 2000/= per cow = 24,000/=
- Total income = 232,000/=

<u>Expenses per month</u>

- Detergents = 10,000/=
- Cleaning the slaughter shed and any labour requirements are met by tenderer.

Net revenue = UShs232,000 - UShs 172,000 – Ushs 10,000 = 26,000/=

Source: Ms. Josephine Nkabiguluka, Tenderer Isingiro T/C slaughter shed

The tenderer is still operating at the margin with very low net profit. In order to make this and other facilities of this nature in the country profitable, she recommended that the Government should pass a law that mandates all cattle dealers to slaughter and transport beef for sale to major towns instead of transporting live animals. This would have many benefits of reducing transport costs, improving hygiene, reducing on disease spread while increasing on the profitability of slaughter sheds in the country.

Some complaints were registered on the design of the slaughter shed: lack of sieves in the drainages that were already clogged with blood; small doors on the facility in which large bulls could not pass through due to the long horns; the nets all around the facility allow in rain and dust that reduces the hygiene of the meat and work stalls during the rainy period; steps to the facility that cannot be easily negotiated by animals – it was preferred that a gentle sloping surface should have been used; and soil erosion all around the facility as there was no stablising of soil in the compound. This has led to poor hygiene as animals and humans come in the facility with soiled feet. Stone pitching of the compound recommended. Many of these complaints were common to all the slaughter sheds in the other districts and therefore should be addressed in future designs.

Busheka livestock market

The monitoring team found that the Busheka livestock market was satisfactorily completed but not in use. The livestock sold in this market were largely originating from Tanzania. No more animals are emanating from Tanzania due to the sealing off of the border to control disease spread. The remaining livestock farmers transact on phone and the animals are collected from their farms. Other farmers have shifted from beef rearing to diary cattle. These challenges pose a threat for the livestock market to become a white elephant unless cross order trade with Tanzania is reinstated but with strict quality disease control measures.

Rwejubu valley dam

Physical monitoring done in Q4 FY 2008/09 by BMAU indicated that construction work of this was near completion (90%). Poor road conditions made it difficult for the monitoring team to visit this site during Q4 FY 2009/10 but the district officials confirmed that the valley dam had been completed 100% and was handed over to the community for use.

KAMWENGE DISTRICT

During FY 2009/10, activities focused on completion of Kamwenge Town Council slaughter shed and Katalyeba livestock market in Nkoma Parish, Nkoma Sub-county.

Kamwenge T/C slaughter shed

Construction work on the shed had improved from 45% in 2008/09 to 80% at the time of the monitoring visit in Q4 of FY 2009/10. Yet to be completed were the perimeter fencing, gate, plastering, doors and painting. It was reported by the beneficiaries and sub-county officials that the lead contractor Jami Construction Ltd, had last visited the site in June 2009 having just left the workers to finish the work on their own. The Consultant from COM Ltd.had been dismissed and the site was supervised by MAAIF officials.


Katalyeba livestock market, and Kamwenge TC Slaughter Shed

Work on the livestock market by Jami Construction Ltd had stalled with no progress since the last monitoring visit in FY 2008/09. Completion rate had stagnated at 51% with only the troughs and a few structures having been erected such as the office block and the toilet. The community members complained that holes had been dug around the site and not filled posing a danger to the livestock and children who fell in them.

MAAIF data indicated that the contractor had been paid about 10% of the contract sum for all the infrastructures being constructed in Kamwenge district, as of June 2010 (see Annex 3.1 for further details).

KAMULI/BUYENDE DISTRICTS

Kamuli district benefited from all the components of NLPIP project, apart from the pasture sub-component. The district received 198 goats that were distributed to 58 farmers in the Sub-counties of Kidera and Balawoli. During FY 2009/10, activities concentrated on the completion of 3 infrastructures: Buyende livestock market in Buyende Sub-county, Kisira valley tank in Kidera Sub-county and Imeri valley tank in Nkondo Sub-county. With the split of Buyende from Kamuli district, all these infrastructures are now located in Buyende district. Construction works on the slaughter shed had been delayed due to lack of land titles. The land title has now been secured.

Buyende livestock market

The livestock market was completed and commissioned in 2009. The monitoring team found that the market was satisfactorily completed and had been under use for over a year. Some wires on the perimeter fencing had started breaking and the district was planning to put in place a maintenance budget for the facility. District officials recommended that MAAIF should in future provide a maintenance tool kit to help in maintaining the facilities. This is because some of the materials used to construct these facilities are not easily accessible.

Valley dams

The monitoring team confirmed the completion of Imeri valley dam and Kaseri valley dam, though with a few defects. The two dams were commissioned in February 2010 but were used for three weeks only and abandoned. The management committee of Imeri dam reported that the treadle pumps used to pump water from the dam to the troughs were entrusted to one of the community members who had gone missing. Efforts to establish where and who kept the treadle pumps were futile.

Kaseri dam was also non-functional due to the breakdown of the treadle pumps and non-installation of a hose pump for the goats trough.



Left: Imeri Valley Tank   Middle: Hose pipes but with no treadle pumps on Imeri Valley Tank   Right: Treadle pumps that had broken down at Kaseri dam at store

The dams are supposed to use treadle pumps in order to pump water into the troughs for the animals. The treadle pumps at Kaseri dam were noted to be very weak and broke down three weeks after use. They have been kept in storage at a nearby office. The management teams of both dams reported failure to collect user fees from the community for maintaining the dam because the communities did not appreciated the value of dams. The committee also acknowledged limited expertise and capacity to maintain the dams. The dams pose a serious safety risk to the community because children and livestock might drown as water is drawn directly from the dams.

The dam management committees and the district officials recommended the following as measures to improve effectiveness in use of these dams:

1) Strengthening the capacity of dam management committees – training, equipping and provision of maintenance tool kits.

2) Tendering the dams out
3) Encouraging income generating projects at the dams to raise funds for maintenance. Such projects could include fish farming and citrus growing.

KUMI/NGORA DISTRICTS

Kumi district benefited from all the NLPIP components. Under restocking, the district received 278 goats and 1065 heads of cattle. In animal health, six motorcycles, 2 refrigerators, a deep freezer, laboratory equipment and reagents and vaccination dozes were provided. The refrigerators were however not functional. Fencing materials were provided to the district in early 2009 and distributed in the sub-counties of Ngora, Kobwin and Kapir for pasture demonstration sites.

During FY 2009/10, MAAIF targeted completion of Ngora livestock market in Ngora Sub-county, Ajamaka valley dam in Mukuru Sub-county and Kumi Town Council Slaughter shed. With the split of Kumi district into two, the dam is now located in Ngora District. The monitoring team inspected all the three sites.

Slaughter shed

The slaughter shed was completed and commissioned in 2009. However at the time of monitoring, cracks were seen in the floor of the shed. The district officials attributed this to the use of heavily silted soil during construction. It was noted that the nets used on the sides of the shed had started rusting resulting in poor hygiene, especially during the rainy season when the rains pass through the nets onto the slaughtered beef. The district officials expressed concern regarding the lack of water, electricity and cold storage facilities that would hinder the effective utilization of the facility. It was reported that the Veterinary officers lack enough space at the shed to isolate and observe all the animals during inspection. The tenderer Mr. Rashid Ogwang provided a simple cost benefit analysis of the slaughter shed in Kumi district (Box 3.3).

Box 3.3: Cost-Benefit Analysis of slaughter shed in Kumi Town Council

The facility was leased from Kumi Town Council 2 months ago. Every animal slaughtered is charged as follows: 3000/= for a cow; 1000/= for a goat and 100/= for poultry. The major constraint is the lack of water and electricity.

Lease fee paid to Council each month = UShs 340,000

Gross Revenue per month

- 6 goats slaughtered per day for 26days x 1000/= per goat = 156,000/=
- 3 cows per day x 3000/= per cow x 26days = 234,000/=
- Total income = 390,000/=

Expenses per month

- Labour 2 workers x 20,000/= per month = 40,000/=

- Water 2000/= per day x 26 days = 52,000
- Detergents 3000/= per week x 4 weeks = 12,000/=

Net revenue = UShs390,000 - UShs 340,000 – Ushs 104,000 = -54,000/=

Source: Mr. Rashid Ogwang, Tenderer Kumi T/C slaughter shed

The simple analysis show that the slaughter shed in Kumi is operating at a loss, until such a time when more animals are brought for slaughtering. It is important for the Government to strengthen enforcement of hygiene in the beef sector and sensitize the farmers and traders to use such facilities more regularly.

Ngora Livestock market

The monitoring team found that the livestock market in Ngora Sub County was satisfactorily completed and is fully operational with bi-weekly market days. The only challenge encountered was the standard design of the market that did not take into account the small nature of cows in the region that makes it difficult for the cattle to feed in the trough because they are large and high. The troughs are more suited to the long-horned cattle in Western Uganda. The district officials recommended the following:

- A weighbridge installed at the market in order to be able to measure the weight of the animals.
- A slaughter shed should also be installed at the market in order t provide facility for those who would prefer to transport meat instead of the animal.
- Provision of water should be considered in order to ensure smooth operations at the market.

Ajamaka valley dam

This is an old dam built in the 1960s that broke its dyke in 2004. It has been rehabilitated under the NLPIP project. Although the dam was reported by MAAIF to be 100% completed (Table 3.4) and commissioned in February 2010, the monitoring team found that the contractors had handed over a facility which was incomplete with many defects. The BMAU rated the completion work at 85%. There was a leakage on the retaining dam wall and the dyke had broken. This leakage was reported to the contractors in April and repairs were done but these were inadequate. The dam was not properly compacted and hence felt soggy when walked upon. The life span and safety of this dam is therefore under question.

Works on the water troughs was also not complete. As a result, the troughs are already sinking in



Left: Water stretching to farmers' gardens Middle: Incomplete dam Right: Water channeled through community road.

mud.

There were a number of challenges that were highlighted by the community members who stay next to the dam:

1) Land disputes: the reservoir extended past its stipulated demarcations and flooded the neighbouring gardens of farmers resulting into land disputes. However the district officials claim that the land is government owned and these farmers are encroachers and issues of compensation do not arise.
2) Inaccessible community road: the community was previously using the dyke as a community access road joining several villages and health centres. With the construction, the contractor closed the road and provided an alternate road by the side of the dam. The dam water was channeled into this alternate road without culverts which has made it inaccessible. The contractor indicated that the alternate road was not in his contract and therefore any constructions should be handed directly by the Government.
3) Maintenance: the dam is large with 47,000 cubic metres of water and already filling with weeds. The district noted that they have no funds and equipment to maintain such a large dam.

It is recommended that the Contractor addresses the defects so that the dam is satisfactorily completed. The district should complete construction of the alternate community access road.

KYENJOJO/KYEGEGWA DISTRICTS

MAAIF planned to construct 5 infrastructures in Kyenjojo district: Ruyonza Livestock Market in Mpara Sub-county, Kyenjojo T/C Slaughter shed and 3 cattle crushes. The 3 cattle crushes were not built because G.O.U did not meet its counterpart funding requirement. Construction of the market and slaughter shed is ongoing. However, with the creation of a new district out of Kyenjojo, the livestock market is now located in Kyegegwa district.

During the previous monitoring visit in Q4 of FY 2008/09, little work had been done on the infrastructures. The completion rate was 5% for the slaughter shed and 10% for Ruyonza livestock market. Discussions with the district officials and end-users indicated that the contractor for both sites B&T Ltd had abandoned the sites leaving behind debts for materials that had been delivered. The company was noted to have low capacity for delivering parallel contracts at the same time. BMAU recommended then that B&T Ltd should be terminated and replaced by proven firms.

Kyenjojo T/C slaughter shed and Ruyonza market

The BMAU second monitoring visit to the two sites during Q4 of FY 2009/10, a year later from the first monitoring visit, showed little progress made by B&T Uganda in constructing the livestock market (30%) and substantial progress on the slaughter shed (60%), although both sites were abandoned and in bush at the time of the monitoring visit. The monitoring team was informed that MAAIF had given a warning letter to the Contractor.



Left: Kyenjojo T/C Slaughter Shed in FY 2008/09 Q4, Middle: Kyenjojo TC Slaughter Shed in FY2009/10 Q4, Right : Ruyonza Livestock market in bush - Kyegegwa

The Kyenjojo district officials reported that the Contractor last worked on the slaughter shed in March 2010. Efforts to follow up the matter with MAAIF had not yielded any tangible results. Similar concerns were raised in Kyegegwa district where the contractor was said to have refused to answer any calls from the technical and political leaders supervising the project. The workers residing near the livestock market reported that they last worked on the site in September 2009 and were never paid.

The district officials blamed these problems on the project design which was highly centralized and as a result most of the contractors were imposed onto the districts by MAAIF. As noted by one senior district official in Kyegegwa district *"The districts lack capacity to effectively supervise the NLPIP and other MAAIF projects because the contractors pay their allegiance to the centre and the districts are relegated to act as rubberstamps for their own projects. We were not availed the project implementation manual and Bills of Quantities to enable supervise the project. In future the Central Government and its development partners should carry out more consultative processes with the local governments before implementation of such programs to ensure ownership and effective implementation and supervision. Lessons should be drawn from the Area Based Agricultural Program (AAMP) that used this approach with great success and sustainability of the interventions".*

MAAIF data indicated that the contractor B&T Ltd had been paid about 19% of the contract sum by June 2010, for all the infrastructures being constructed in Kamwenge/Kyegegwa districts (see Annex 3.1 for further details).

Other interventions

It was reported that the goats received in Kyenjojo district were delivered at night escorted by army men. They were suffering from cough and other diseases that infected other goats in the area leading to high mortality rates of the NLPIP and other goats. It was recommended that districts should participate in the procurement of livestock so that they ensure quality control.

Kyegegwa district officials recommended that if the NLPIP project is extended into the future, it should prioritize rehabilitation of the Veterinary Centre in the district and introduction of artificial insemination services.

LIRA DISTRICT

The district benefited from 1488 heads of zebu cattle that were distributed to 149 different farmer groups now in the districts of Lira, Otuke and Abeletong which were split from Lira district. It was noted by the district officials that the concept of passing on animals amongst group members was not successful in Lira district because of poor group dynamics and the Lango culture that does not promote cooperation and sharing. The Parish Restocking Committee that was mandated to implement and monitor this component did not function due to lack of facilitation. Hence the restocking component in Lira was not successful.

Fencing wires in storage

Under the animal health component, the district benefited from construction of a Cattle Dip, 1 freezer and 2 fridges that are all functional, ice boxes, centrifuge and vaccines. Under rangeland improvement, farmers received pasture seeds but they did not germinate well due to the poor quality and the harsh weather. The seeds were supposed to be distributed with fencing materials but delivery was delayed by a year. A total of 3550 fencing poles, 108 rolls of barbed wire and 90Kg of nails were delivered to be distributed to nine farmer groups. Two groups did not pick their fencing materials and these were found in storage. The district did not have any immediate plans to distribute the materials since the pasture seeds demonstrations were no longer in existence.

Implementation activities during FY 2009/10 focused on completing Abiting livestock market, the cattle dip and a cattle crush. MAAIF had reported that Atar valley dam in Lira district was 100% complete (Table 3.4)[16]. However, the monitoring team was informed that although this dam was completed and commissioned, it was not in Lira district but rather in Apac district. The team could not verify this finding as Apac was not in the sampling frame.

Abiting Livestock market

[16] MAAIF, 2010.

The monitoring team found that construction of Abiting livestock market in Apala Sub County was not complete, estimated at 60% completion rate. All the structures as required by design such as office block, toilets and troughs had been erected but not equipped. The fencing was yet to be done. The site was abandoned at the time of the visit, with signs that no work had been ongoing for some months.

Okwangole Cattle crush

In its progress report covering the period October to December 2009[17], MAAIF reported that this cattle crush was 25%. The BMAU monitoring team found that no construction had been done on this site which was in a bush. The district officials claimed that the contractor had withdrawn from the site due to land conflicts despite the land title had been secured by the district.

Alebtong cattle dip in Lira

Construction of the cattle dip located in Abeletong Sub County started in 2008 but only about 50% of works have been completed. Yet to be constructed are the boma, foot bath, crush, walls and the roof. The already completed construction exhibited poor workmanship as there were cracks on the walls of the facility.

The site visitors book had information showing that MAAIF staff had inspected the site in April 2010 and had commented about the poor quality of works that needed improvement. The district officials complained that the Contractor Akia Ltd had too many running contracts but with little capacity and resources. Hence the delayed and poor quality works. Financial data at MAAIF showed that the contractor had received only 32% of the contract sum for all the infrastructures he was constructing (Annex 3.1).

MASINDI DISTRICT

Masindi districts benefited from 4 components under the NLPIP project: restocking, rangeland management, disease control and infrastructural development. Under restocking, the district expected delivery of 4,000 goats but received 400. Under the infrastructure development component, the district expected a livestock market, two cattle crushes and a slaughter shed. The monitoring team found that two out of the planned four infrastructures had been built - the livestock market in Mitooma Parish, Bwijanga Sub-county and one cattle crush in Kijunjuba Parish, Kimengo Sub-county. The two infrastructures that were not constructed due to land disputes and lack of land titles were the Town Council slaughter shed and one cattle crush.

[17] MAAIF, 2010

The construction of the livestock market was near completion at the time of the monitoring visit in May 2010 (95% complete) with the only pending works including straining of the perimeter fencing wires, putting concrete and repainting on the fence poles and installing two tanks for rain harvesting. The cattle crush was also 100% complete and the community was already using it even if it was yet to be handed over.

Completed Bwijanga livestock market – Masindi District

The following were the main challenges faced by the contractor Minimax Enterprises Ltd:

1) Under-costing in the Bills of Quantities (BOQs), especially as there was a time lag in overall project implementation resulting in a significant rise in unit costs of materials. For example, at the time of submission of the BOQs, a galvanized pipe of 6 metres cost 180,000/=. Currently, the same pipe length costs 320,000/=. The type of wire and pipes recommended by MAAIF were very expensive and scarce hence the contractor had to import them into the country.
2) Delayed payment of interim certificates for completed works. Delays ranged from 3 to 6 months from the period of submission to MAAIF by the contractor.
3) Escalating fuel prices that increased the cost of transporting materials
4) The requirement of getting a performance bond from commercial banks at every stage of construction completed was noted to be too tedious and costly, leading to delayed project implementation. Banks charge 10% - 12% of the amount requested; having 3 performance bonds in the lifetime of the project leads to loss of a significant amount of the contracted sum to the banks.
5) Unexplained deductions by MAAIF on the company’s operational funds as explained below:

“There are deductions that are made from our certificates that are not explained to us. We know that we are supposed to pay withholding tax. MAAIF deducts the withholding tax from our certificates. But the Ministry officials also ask us to give them a post-dated

cheque of the same amount of the withholding tax before we can receive payment. We thus pay this tax twice. Why? Our advance payment request was UShs 148,130,185 and we were paid UShs 118,002,012 less UShs 30,128,173. When we submitted the first Certificate of UShs 60,184,502, we received payment of UShs 54,350,194, with a difference of UShs 5,834,308. We submitted a postdated cheque to MAAIF of withholding tax of UShs 3,261,011. On our second Certificate of UShe 102,633,432, we were paid UShs 86,952,484, which was less by UShs 15,680,948. We submitted to MAAIF a postdated cheque for the withholding tax of UShs 5,217,149. Who is going to pay these balances given that we have completed the construction?" Managing Director, Minimax Enterprises Ltd.

NAKASEKE DISTRICT

Nakaseke district acknowledged having received 858 goats in FY 07/08 which were distributed in six Sub-counties. In addition, 5000 doses of Newcastle Vaccines, 2500 doses of Lumpy Skin disease 80,000 doses of Foot and Mouth Disease, 2000 doses of rabies, and 2500 doses of brucellosis were delivered to the district. The district also received six motorcycles, one refrigerator and one ice box and seven district staff benefited from short courses on animal health. The district staff were trained in pasture improvement but pasture seeds were not given, hence the component was not implemented. Implementation of NLPIP in Nakaseke district in FY 2009/10 concentrated on completion of the Town Council slaughter shed and the Ngoma livestock market in Ngoma sub-county.

Ngoma livestock market and Nakaseke T/C Slaughter shed

Both facilities were satisfactorily completed and the contractors were at the stage of correcting the defects. The wires used in the livestock market perimeter fencing were graded as weak and of poor quality by one of the visiting area Hon. Ministers and had already started rusting. They were all being replaced by strong wires at the time of the monitoring visit in June 2010. The monitoring team noted cracks on the water troughs but the site foreman noted that this defect could not be rectified as it would require construction of troughs again. The main defect identified by the monitoring team on Nakaseke T/C slaughter shed were the cracking floors due to the apparent use of inadequate cement.

Cracks in floor of slaughter shed

NAKASONGOLA DISTRICT

During FY 2009/10, implementation of the NLPIP project in Nakasongola district focused on completion of the infrastructures. The monitoring team visited Kalongo Livestock market in

Kalongo Sub-county, Migyera Slaughter shed and Bukabi Kyerindura cattle crush in Kakooge Sub-county. The three infrastructures were 100% complete although with some defects. Construction of a valley tank, one cattle crush and another slaughter shed was not done due to difficulties in acquiring land titles.

Kalongo livestock market

For Kalongo livestock market, the Kalong Sub-county Chief and beneficiaries complained of the weak and elastic wires used in the perimeter fencing that cows could go through easily as well as tax evaders; the poor quality of gate that was welded with gas instead of electricity and insufficient concrete on the fencing poles. The monitoring team confirmed the existence of these defects. The Sub-county officials expressed concern that they were not privy to the BOQs for the livestock market and hence did not know whether the completed infrastructure was as planned. They reported that the above defects were mainly due to limited supervision of the construction works as the Consultant was terminated by MAAIF and not replaced. Lack of water in the facility was a challenge. The Sub County receives UShs 14 million annually for all capital development and hence does not have capacity to install the water system. It was recommended that the Government should install the water system in the infrastructure.

Left: Kalongo Livestock market Right: Bukabi Kyerindura cattle crush – Nakasongola District

However, despite these defects, the Sub-county officials and the beneficiaries were greatly appreciative of the facility. Since the market is properly fenced, it would reduce on tax evasion and hence result in higher income for the Sub-county.

Bukabi Kyerindura cattle crush

The community crush in Kakooge Sub-county was satisfactorily completed and there was evidence of use by the community.

SEMBABULE DISTRICT

Over the past four years, Sembabule district benefited from all the components under the NLPIP project. A total of 1110 female goats were distributed to 35 farmer groups in FY 08/09. However, procurement of these goats was centralized resulting in sourcing of poor quality goats (young and sick), mismanagement by contractors and high mortality immediately after they were distributed to the farmers. The project provided 12 improved male goats to NAGRIC station for breeding and multiplication and then distribution to the farmer groups that had received the female goats. NAGRIC did not provide the beneficiaries with male goats. But the district procured and provided some male goats to the communities using other resources. It was recommended that districts and project beneficiaries should be involved in selection of livestock breeds.

Under the pasture improvement component, 10 farmers were given fertilizers, poles and barbed wire to fence off paddocks for demonstrating improved pasture management. Pasture seeds that were promised were not delivered and hence the component became inactive until the district provided seeds to five of the 10 farmers. The district plans to give pasture seeds to the remaining 5 beneficiary farmers in FY 2010/11.

During FY 2009/10, activities under NLPIP focused on completion of Sembabule T/C slaughter shed and Ntusi livestock market in Ntusi Sub-county. The monitoring team found the slaughter shed satisfactorily completed and awaiting commissioning. What was missing was an access road, water and electricity which was to be provided by the district. Works on Ntusi livestock market were near completion (90%). District officials appreciated these facilities and recommended that more livestock markets, slaughter sheds and water for production facilities should be constructed in all the other parts of the district. It was noted that the market has potential to generate between UShs 600,000 and UShs 1 million per week as 150 cows would be sold on each market day.

General Challenges

Implementation manual and BOQs: All districts expressed ignorance of these vital documents that would have enabled them to supervise the contractors. They did not know what the infrastructures should look like and what should be in them to be certified as completed.

Vandalisation: Most of the infrastructures are remotely located and were built without adequate participation and sensitization of the communities for increased ownership. Vandalisation of the installations was noted to be a major threat as some members of the communities do not fully appreciate the facilities and there is limited community policing. At most risk are the coloured ironsheets that are used by people to beautify their houses and fencing wires that are used in welding.

Lack of sustainability and followup: NLPIP project investments have not been integrated in district and sub-county workplans for sustainability. It was not clear to districts which funds would be used for completing unfinished works upon the closure of the current phase of NLPIP. Districts have not allocated funds for follow up of completed activities which has resulted in limited impact of the interventions. For example, upon learning that the current phase of the

NLPIP project was coming to a closure and there is no possible follow up by the districts, many beneficiaries of the restocking programme have started eating the goats instead of passing on off springs. Similarly, those who benefited from rangeland management training and inputs have since abandoned the intervention due to lack of supervision and followup.

Acquisition of land titles: Difficulty in acquiring land titles by the districts for the infrastructures due to the high prevalence of land disputes and lack of funds to pay survey and high compensation costs.

Lack of feedback mechanisms: User communities of the infrastructures complained of lack of feedback mechanisms to Government regarding misuse of infrastructures. In Masindi for example, it was reported that even when a complaint is channeled to the district officials, they seem not to care since the infrastructures were constructed by Central Government. Often there is no action taken by the district.

Inappropriateness of communal infrastructure: It was noted in several districts that communal infrastructure such as communal crushes and dips are no longer viable or useful because of changing land use patterns. Due to the emerging trends of private ownership of land, communal facilities are not easily accessed especially if they are surrounded by private farms and they lead to spread of diseases.

Poor performance of contractors Most contractors were noted to have low capacity and unable to pre-finance the works as required in the agreements. This problem was exacerbated by the fact that many of the contractors were constructing other facilities in other parts of the country that overstretched their capacities. Examples of poor performers were B&T Ltd. working in Kyenjojo district.

Recommendations

1) Performance bonds should be issued once in the lifetime of the project.
2) Need for building capacity of private contractors to submit realistic costing of proposed infrastructures and BOQs.
3) MAAIF should improve timeliness in payment of interim certificates for completed works. It was recommended by contractors that payment should be made at most 21 days after the submission of the certificates.
4) The districts recommended that Government should extend the NLPIP project to provide more interventions especially valley tanks, valley dams, livestock markets, slaughter sheds and rangeland improvement.
5) Terminate all non-performing contracts and blacklist the contractors. Firms with proven competence should be hired to complete the works.
6) Adequate information should be disseminated to the contractors regarding the various taxes that have to be paid and all the conditionalities attached to them.
7) MAAIF should share the implementation manuals and BOQs with the relevant district officials to ensure effective supervision of infrastructure projects.
8) Government should phase out construction of communal facilities and instead support farmers to dig small ponds and dams on their farms. This could be through provision of excavating equipment at regional level that could be used by farmers at a fee.

9) Need for districts, working closely with MAAIF to put in place operations and maintenance plans for the various infrastructures to ensure sustainability.

3.1.5 Support for Tea Cocoa Seedlings Project

Background

Government commenced this project in 2001 under the strategic interventions initiative with the purpose of revitalizing the cocoa industry through distribution of cocoa seedlings to farmers. The Government contracts private nursery operators who produce quality cocoa seedlings that are distributed free to farmers, after sensitization and mobilization with the help of district officials. The private operators in turn are paid Shs 300/= per seedling in line with supply orders issued by Government every season.

ATea Unit in MAAIF which was distributing tea seedlings was phased out and its activities subsumed under the cocoa project in 2004. However, the Tea Unit had incurred a debt of 2.9bn by 2003 and hence the activities of distributing seedlings were suspended at the time of merging the projects. Up to date, the funds earmarked for the tea component under the Tea Cocoa Project are paying off these debts. The Cocoa Component is the functional part of the project and is the one that was monitored in this financial year, in the first and fourth quarter. The monitoring work in the first quarter of FY 2009/10 focused on the investments made in FY 2008/09 while the forth quarter monitoring focused on the investments made in FY 2009/10.

Progress update

During FY 2008/09 a total of Shs 888,893,000 was disbursed to the Support for Tea Cocoa Seedlings project. Of this, Shs 619,000,000 was used to pay off arrears in the tea industry and the balance Shs 269,000,000 was used to pay for cocoa seedlings, inspections and other activities implemented by MAAIF in the cocoa industry. MAAIF reported that during FY 2008/09, the ministry established 4 cocoa demonstration nurseries and 4 demonstration plots in Mukono, Kibaale, Jinja and Mpigi and also issued out 300,000 cocoa seedlings to farmers from the private nursery operators. The Ministry also reported having inspected the quality of cocoa beans for export in warehouses in Bundibugyo and Kampala owned by Esco U Ltd, Olam U Ltd, Ugacof U Ltd, Outspan U LTD and Multi-trade U Ltd[18].

During Q4 FY 2009/10, the BMAU verified this information in 5[19] out of the 10 implementing districts and visited the cocoa warehouses in Bundibugyo. The summary findings were[20]:

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[18] MAAIF, 2009b; MAAIF 2009.

[19] Mukono, Bundibugyo, Luwero, Kibale and Mayuge districts.

[20] Detailed findings in MFPED, 2009.

1) The project was found to be fully functional with private cocoa nurseries having distributed cocoa to farmers during FY 2008/09 as per the Government orders. More seedlings had been distributed (310.000 seedlings) by nursery operators in the five districts that what was captured in MAAIF records (205,453 seedlings). Farmers acknowledged having received seedlings for free except in Bundibugyo were the major cocoa buyers Esco Uganda Ltd and Olam indicated that they had paid UShs 500 per seedling in Busaru Nursery. The nursery operator denied the allegation. It was also noted that the quality of cocoa seedlings issued by the nurseries was poor.
2) The nursery operators in all the sampled districts complained of the low price paid by Government at UShs 300 per seedling yet the cost of inputs had risen dramatically. A simple cost-benefit analysis using the data collected in that round showed that nursery operators were still making a profit as long as Government did not make small supply orders of less than 10,000 seedlings. Most nursery opertaors were producing in excess of 20,000 seedlings per season hence they made losses where Government ordered less than 10,000 seedlings.
3) Among the key challenges identified by the nursery operators and farmers were the untimely and inconsistent supply orders from MAAIF resulting in under or over supply of seedlings; lack of update knowledge about cocoa growing among the district extension workers, rampant pests and diseases and lack of sufficient guidance to farmers from MAAIF on cocoa husbandry and control of pests and diseases.
4) The direct disbursement of funds from the centre to nursery operators without any information to the districts was making supervision of the programme difficult. Districts are expected to validate the lists of farmers who have benefitted.

Financial Performance

The approved budget for FY 2009/10 for the Support for Tea Cocoa Seedlings Project was UShs 869,000,000. During the four quarters of FY 2009/10, a total of UShs 758,213,045 or 87% of the approved budget was released to MAAIF for this project. However, by close of the financial year, the Cocoa Coordination Unit had received UShs 587,789,726 or 77% of the released funds. Of this amount, UShs 94,241,197 was for the Tea Unit activities. Information could not be obtained to explain why MAAIF had not released 100% of the received funds as they were available. **The disbursement rate of funds from MAAIF to projects needs to improve so that funds received are spent fully as planned.** The Coordination Unit reported that all the funds received had been spent 100% as shown in Table 3.1.8.

Table 3.1.8: Financial performance of Tea Cocoa Seedlings Project in FY 2009/10

Item	Description	Approved Budget UShs	Total Released to MAAIF UShs	Receipts and Total Expenditure UShs
211102	Staff salaries	31,280,000	16,306,666	12,366,443
211103	Allowances	115,691,000	34,968,667	21,476,592
221002	Workshops and Seminars	68,000,000	56,400,000	70,474,700
221011	Printing and Stationery	8,000,000	5,708,112	3,086,933
224002	General supply of goods and services	606,029,000	623,829,600	469,985,060
227004	Fuel, Lubricants and oils	40,000,000	21,000,000	10,400,000
TOTAL		869,000,000	758,213,045	587,789,728

Source: Tea/Cocoa Coordination Unit, June 2010.

Note: Allocation of Total Expenditure: Cocoa activities = 493,548,531 Tea activities = 94,241,197

Physical Performance

Overall performance

In the signed Performance contract for MAAIF for FY 2009/10, the ministry had planned to step up the number of cocoa seedlings distributed to farmers from 300,000 in FY 2008/09 to 500,000 in FY 2009/10. Upon receipt of more funds than was planned, the target for the year was stepped further to 1 million seedlings to be distributed in FY 2009/10. The monitoring team found that by the close of the FY, 502,422 seedlings had been distributed to farmers in 12 cocoa growing districts during the second rains (Table 3.1.9). Arrangements were ongoing to distribute a further half a million seedlings during the first rains that would come in the first quarter of FY 2010/11. The private nurseries that were visited in the 6 cocoa growing districts had seedlings ready for distribution in the first rains in August-September 2010.

Table 3.1.9: Cocoa Seedlings Distributed in the 2nd Season FY 2009/10

District	Sub-county	Name of Supplier	Quantity of Seedlings Supplied
Bundibugyo	Kasitu	Baryesiima Everest	24,600
	Busaru	Ngwabusa Fabiano	30,000
	Bubukwanga	Rwatooro Steven	30,000
Iganga/Kiyunga	Bukooma	Wamunya Vicient	25,000
Hoima	Buhanika	Nyandera Sarah	15,310
Jinja	Butagaya	Osudo Melk	20,000

Kamuli	Nawanyago	Innya Martin	20,000
Kibaale	Kakindo	Agro-care Services	20,420
	Nalweyo	Kiddawalime Bonifasi	20,000
Luwero	Katikamu	Kalibbala David	20,000
Masindi	Bulima	Isingoma Anthony	10,600
Mayuge	Imanyiro	Tibita Sam	35,000
	Kityerera	Mugogo Mike	30,000
	Bayitambogwe	Nakaziba Monica	10,040
Mpigi	Mut I	Lubega John	21,994
Mukono	Namuganga	Kasumba Andrew	20,100
	Kasawo	Lwanga Henry	20,050
	Nkokonjeru	Musisi Alex	20,800
	Ntenjeru	Musisi Alex	10,000
Wakiso	Nsangi	Kidde James	35,400
TOTAL			502,422

Source: Tea/Cocoa Coordination Unit, June 2010.

Note: In yellow colour are the nurseries that were sampled and visited in Q4 FY 2009/10.

Field findings

The monitoring team visited 6 out of the 12 cocoa growing districts that received supply orders from Government to verify the level of supply of seedlings to farmers by the nursery operators. The findings are presented below.

HOIMA DISTRICT

Performance

The nursery operator of Butema Cocoa Nursery located in Buhanika Sub County reported having distributed 10,000 seedlings to farmers in the past year 2009 and an additional 500 in 2010 bringing the total to 10,500 seedlings. This figure was less that what was reported by MAAIF – 15,310 seedlings (Table 3.8). The monitoring team confirmed from the distribution list that farmers had signed against receipt of 10,400 seedlings. At a cost of 300/= per seedling, the farmer had anticipated being paid UShs 3million but actually received UShs 2.8 million with the explanation that the balance of UShs 200,000 was deducted to pay taxes incurred. Evidence was found in the field of several farmers who had received seedlings from Butema Cocoa Nursery during FY 2009/10. The nursery had planted 5,000 seedlings that would be ready for distribution in August 2010. However, the seedlings were seriously affected by drought; pests and diseases.

Challenges

The lack of a target from Government for the supply orders was cited as a major challenge to the operator as there is over production of seedlings that are not bought leading to losses. Other challenges faced by the operator as well as the farmers included:

1) Lack of transport to distribute the seedlings to the farmers.
2) Low supply orders by Government compared to the high demand by farmers for seedlings.
3) Drought
4) Inadequate staff/extension assistants and equipment to man the cocoa sector. The regional cocoa officer is in charge of Masindi, Hoima and Kibaale districts with no assistants or vehicle for programme supervision.
5) High prevalence of pests and diseases. Farmers and the nursery operator expressed unawareness of approaches to control the pests and diseases.
6) Farmers complained about the high cost of labour that was greatly reducing profits.

Recommendations

- The farmers recommended that Government should increase the supply orders so that more seedlings are distributed, make spray pumps accessible at subsidized prices and provide a vehicle to the Regional Cocoa Officer to increase supervision of the cocoa industry in Hoima district.

IGANGA/KIYUNGA DISTRICTS

Performance

The nursery operator of Bukooma Cocoa Nursery in Naigobya village, Bukooma Sub-county, Kiyunga District (formerly part of Iganga district until 1st July 2010) reported having distributed 25,000 seedlings to farmers in FY 2009/10. This figure was in agreement with the MAAIF reported figures. He confirmed having been paid UShs 7,050,000 for the seedlings. He had expected UShs 7,500,000 for the seedlings at UShs 300 each but was informed that shs 450,000 was deducted as taxes. The monitoring team found 20,000 seedlings planted in the nursery for the next rains.

Challenges

1) Increasing unit costs of inputs such as polythenes, labour, and water
2) Remoteness of areas where the seedlings are distributed makes transportation costs very high.
3) Getting signatures for all the beneficiaries for accountability purpose is difficult as seedlings are sent to LCs for further distribution to individual farmers. Sometimes 2-3 farmers are requested by LC officials to sign for the rest of the farmers.
4) Lack of extension services for cocoa farmers. The nursery operators do not have the resources or skills to train the farmers that take the seedlings.
5) Labourers at the nursery complained of late payment of their wages as the main challenge for them.

Recommendations

- Government should revise upwards the current cost of a cocoa seedling (300/=)

MASINDI DISTRICT

Performance

Bulima Cocoa Nursery is located in Bwijanja Sub County and it was transferred from Bujenje in 2002. In FY 09/10, the nursery operator reported having distributed 10,600 seedlings which was in line with the figures reported by MAAIF (Table 3.1.9). The seedlings were distributed to a total of 24 farmers. The operator confirmed having been paid UShs 2.8 million in April 2010. The monitoring team foun 4500 seedlings had just been planted in May 2010 in readiness for the next rains. The monitoring team visited some of the cocoa growing farmers who confirmed having received seedlings from this nursery during FY 2009/10.

Challenges

Among the key challenges in Masindi district were:

Diseased cocoa field in Kahembe village, Masindi district

1) High demand for cocoa seedlings yet the supply orders placed by MAAIF are low.
2) The scarcity of materials to construct nursery sheds and beds due to the rapid deforestation in the area.
3) High prevalence of pests and diseases in the farmer cocoa fields.
4) The district extension workers expressed a challenge of being very few and having limited knowledge and skills to diagnose and deal with the cocoa wilt disease and other diseases since this is not a priority crop under NAADS. Training programmes in the districts and at the central level have not prioritized cocoa for skills transfer.
5) The nursery operator who was retrenched from Government service several years back, was last trained in cocoa growing three years ago. Unfortunately, he is the first point of contact when farmers are seeking solutions.
6) Farmers lack capital to buy fertilizers and chemicals for cocoa growing.

Recommendations

- It was recommended by the district extension workers that Government should prioritize cocoa as an important export commodity and source of income for households and recruit field assistants that supervise cocoa growing in the country.

- Cocoa nursery operators should be trained in modern practices of cocoa growing.

MAYUGE DISTRICT

Performance

The BMAU monitoring team visited two of the three cocoa nurseries in Mayuge district:

1) Ikulwe Cocoa Nursery in Manyiro Sub County: the nursery operator reported having distributed 45,000 seedlings to the farmers in the 2nd rains of FY 2009/10. The seedlings that were distributed were more than what the MAAIF records indicated for this nursery (35,000 seedlings). Payment had been received for 15,000 seedlings leaving 30,000 seedlings to be paid. The nursery was in a very good condition with 30,000 seedlings ready for distribution in the coming season.
2) Bugingo Cocoa Nursery in Mayuge Town Council: the operator reported having distributed 40,000 seedlings in the 2nd rains of FY 2009/10, although the MAAIF report had recorded only 10,040 seedlings as having been distributed by the nursery. The nursery operator had not been paid yet for the seedlings delivered to the farmers. A total of 18,000 seedlings were in the nursery awaiting distribution.

Best practice in the cocoa industry

The monitoring team found a best practice in efficient management of cocoa nurseries in Mayuge district by a private company ESCO Mayuge. The company, among many other businesses, deals in export of cocoa as well as planting cocoa nurseries. In order to further increase the production of cocoa in Mayuge district for export, ESCO is implementing a community based approach where the farmers are directly involved at all stages in the process of cocoa production. Farmers through their LCs are mobilized to donate and open up land and the company provides seeds at a subsidized rate of Shs.50/=. This approach has helped in creating awareness about cocoa growing and its intended benefits resulting in more farmers embracing the programme. The farmers currently earn Shs. 4400/= per kilogram of cocoa sold to ESCO.

In 2009 the company, through this approach planted a nursery bed in Malongo Sub County. Two additional nurseries were established, one in Kityerera Sub County and another in Busakira Sub County near the Government funded nursery. The company distributed a total of 55,434 seedlings to 136 farmers in April 2010. The company has planned to raise 180,000 seedlings in the October 2010 season in Mayuge district. The number of seedlings to be produced in 3 nurseries in one district is almost a half of what is distributed by all the Government funded nurseries in 12 districts showing a high level of efficiency in the private sector. ESCO has been able to cut down on the costs of operation due to the contributions made by the community in terms of land, construction of sheds and labour. At the time of the monitoring visit in June 2010, a group of men and women (including the LC Chairman) was found clearing land that they had offered for the ESCO Cocoa nursery.

The community members in a Focus Group Discussion (FGD) had this to say *"We are contributing labour and other inputs to ESCO nurseries because we are assured of getting free good quality cocoa seedlings at the start of the rains. We have had problems with the Government nurseries that provide stunted seedlings in drought seasons and give us very small quantities. Government should support ESCO with funds to buy us farming equipment so that we can increase production of cocoa seedlings".*

ESCO has recruited its own extension workers to supervise the farmers when they are planting the crop and whenever they have problems of pests and diseases. The main challenges reported by ESCO were

- Problem of Government promoting low value crops like maize, beans and bananas that occupy the land that could have been planted with high value and high income crops like cocoa.
- High cost of potting materials

ESCO recommended that Government should establish public private partnerships (PPP) so that they can triple the production of cocoa seedlings. Among the suggested areas of cooperation were:

1) Government supporting company to get black soils for potting for free. Currently, ESCO buys the soils from National Forestry Authority.
2) Providing subsidies on the potting materials. In a season, the company uses more than 2 tonnes of polythene for potting,
3) Providing chain links for fencing the nurseries.

Conclusion on the Cocoa programme

The Support for Tea Cocoa Seedlings Programme is performing fairly well in terms of distribution of cocoa seedlings according to plan. More than 500,000 seedlings have been distributed to farmers during FY 2009/10. However, the target of 1 million seedlings was not met as funds disbursement from MAAIF has been rather slow. By the close of FY 2009/2010, only 77% of the funds that had been released to MAAIF had been disbursed to the implementing unit.

It is recommended that Government considers expanding the PPPs in the cocoa industry by involving more efficient firms such as ESCO and providing the appropriate incentives for scaling up production.

MPIGI DISTRICT

Performance

Mpigi Cocoa Nursery is located in Mayembe Gambogo village Mpigi Town Council and serves the Sub-counties of Mpigi Town Council and Kamengo Sub County. The nursery operator reported that 40,000 seedlings were raised in FY 2009/10 out of which 21,944 seedlings were distributed to 50 farmers in November 2009. The field report was consistent with the MAAIF reported figures (Table 3.8). The seedlings were distributed to nearby farmers due to transportation problems and also to avoid the cumbersome process of getting the LCIII Chairman to verify distribution for widely scattered farmers. In the nursery at the time of the monitoring visit in June 2010 were 10,000 seedlings ready for distribution in the following rains in August 2010.

The monitoring team interacted with a middleman who had come to buy cocoa at farm level and he shared his experiences. Due to the small quantities of cocoa produced by the individual farmers, it takes the middle man about 2 days to collect 2-3 bags of dry cocoa beans. He travels not less than 30km per day to collect this small quantity, buying at UShs 3000- 3500/= per kg. His market is the Olam cocoa factory in Nalukolongo and Esco branch in Nakawa.



Left: Seedlings ready in Mpigi Cocoa Nursery, Centre: Cocoa Buyer weighing cocoa to be bought at one of the farms in Mpigi Right: Diseased pods on Mr. Edward Musisi's farm

Challenges

The middleman noted the following challenges:

1) The very high cost of doing business and small profits in cocoa buying due to the remoteness of farms, low farm production and small volumes collected.
2) Poor quality of cocoa beans due to non-enforcement of quality assurance measures in the cocoa industry. The post handling methods at farm level are very poor and the beans are small due to poor agronomy yet the buyers prefer large, clean and well processed beans. Farmers dry the beans on the ground and process them for less than the recommended 6 days.
3) Lack of capital to lend farmers so that they can expand acreage and volumes produced. The middleman also lacked capital to expand purchases and pay farmers promptly. The middleman had a low opinion regarding SACCOs viewing them as money/asset grabbing institutions.

The farmers and nursery operator in Mpigi district highlighted the following as the key challenges faced in cocoa growing:

1) High prevalence of pests and diseases especially the wilt disease.
2) Costly materials for constructing cocoa nursery sheds and beds.
3) Lack of capital for major costly activities such as bush clearing.
4) Seedlings are often distributed when the fields are not ready and some farmers do not water them consequently they dry.
5) Prices for cocoa beans are still low as there are very few buyers.
6) Inabilities by nursery operators to make seedling production a business to satisfy demand as seedlings are currently given free. Nursery operators depend on Government to purchase the seedlings. Even if they could expand production, they cannot do so as farmers would not accept to buy the seedlings yet the operators would have made investments.
7) Cocoa growing is not mainstreamed in district work plans and budgets which hinders effective implementation as most district officials and farmers view it as an ad hoc intervention like vanilla, moringa and Aloe Vera.
8) Low national level publicity on cocoa and mobilization of farmers by the leaders to grow the crop.

Recommendations

- Government to provide subsidized crop finance to farmers for major activities such as bush clearing and traders for produce buying.
- National level publicity/campaign to promote cocoa growing in the country. This would also involve mainstreaming cocoa growing and trade activities in the district, sub-county and NAADS Workplans.

WAKISO DISTRICT

Performance

Buwali Cocoa Nursery is located in Nsangi Parish, Nsangi Sub County and it distributes seedlings to the Sub Counties of Nsangi, Sisa and Kasangi. The nursery operator confirmed delivery of 35,400 seedlings to farmers during FY 2009/10 which was in agreement with the MAAIF records. Due to capacity constraints at the nursery, the delivery was done in two batches, in the second rains during November 2009 and in May 2010. Payments had not been effected but the Nursery operator was confident *"Government is trustworthy; I will be paid in time"*. The monitoring team found the nursery with 50,000 seedlings that were ready for distribution in the second rains of August and September.

Buwali Cocoa Nursery

The BMAU team was shown by a number of farmers the young cocoa trees that had been planted in FY 2009/10 obtained from Buwali Cocoa Nursery. One of the cocoa/coffee farmers in Wakiso district who had received 700 seedlings in November 2009 arged

Government to promote cocoa in the country to gradually replace coffee as the major income earner at household level since the former is more profitable with a quick market. He provided evidence of what he had earned from both commodities in the previous season to support this recommendation (Box 3.4):

Box 3.4: Case study of comparative returns to cocoa and coffee growing on a small holder farm in Mpigi district

"**Cocoa**: I have 3 acres of mature cocoa and another 3 acres of mature coffee. Harvesting in cocoa is done almost in every month once the crop is mature. In February, I sold the crop that I had harvested during December 2009 to January 2010 from my cocoa field. I sold 290 kg of dry cocoa beans at 4,500/= each kg earning me 1,305,000/. During the four month period February to May 2010, I harvested 210 kg of dry beans from which I realised UShs 945,000. So since December 2009 to May 2010, I have earned a total of UShs 2,250,000 from the 3 acres of cocoa.

Coffee: Coffee mainly yields around December. So during December 2009, I harvested 560kg of dry coffee beans from the 3 acres of coffee. I sold each Kg at 1,000/= giving me UShs 560,000. My next harvest was in the four months period February to May 2010 where I harvested 140 kg of dry coffee beans. I sold each Kg of dried coffee beans at 1,000/= earning me UShs 140,000. So since December 2009 to May 2010, I have earned a total of UShs 700,000.

The returns to cocoa are three times those for coffee for the same acreage and period of harvesting. Cocoa has been the main source of funds for paying school fees for my children and financing my home needs. This is why I am gradually replacing coffee with cocoa as we no longer have land to open up fresh gardens. The main challenge I face in cocoa growing is the high prevalence of pests and diseases. Market is not a problem and the price is very competitive".

Source: Key informant interview with Mr. George Kiryowa, Busembe Zone, Maya Parish, Nsangi Sub-county, Wakiso district.

This case study suggests the need for Government to carefully study the viability of the cocoa commodity as a potential export crop and income earner at the household level.

On whether any persons with disabilities are involved in cocoa growing in Wakiso district, the nursery operator responded thus: *"In the last nine years I have been in operation, I have never distributed cocoa seedlings to a disabled person. None has approached us to get seedlings. But how would such a person manage the crop? Disabled persons often do not have land where they can grow cocoa except when they have inherited it from their parents"*.

Challenges

1) Cocoa production was diminishing due to rapid urbanization as all farm lands are being converted into townships.
2) Supply orders from Government are not synchronized with the planting seasons causing disruptions in the distribution of the seedlings and high mortality. This is a result of distributing seedlings during dry seasons.
3) Expensive input materials and costly transportation of seedlings to farmers.
4) Low awareness among farmers about the viability of the cocoa crop
5) Youth do not appreciate farming, especially perennial crops that take long to generate income; cocoa grown mostly by people who are above 40 years of age.
6) High prevalence of cocoa wilt disease
7) Land disputes hindering long-term investments such as cocoa growing
8) Lack of extension workers to train farmers on cocoa growing. Nursery operators find it difficult to distribute seedlings to farmers who have never been trained.

Recommendations

- Timely placement of supply orders by Government to enable the nursery operators prepare adequate seedlings.
- Special programmes targeting youth to interest them in farming high value crops such as cocoa for income generation.

Overall Recommendations

1) In the short run, Government should continue providing cocoa seedlings free. But in the medium to long-term, the Government should focus on developing public private partnerships where the seedlings are produced by private companies and distributed to farmers at a cost as the case is in the coffee sector. Government should instead support private companies through various incentives to produce the seedlings on a large scale.
2) Promote contract farming in the cocoa sector where buyers lend crop finance to farmers who then produce in bulk and sell to the financiers. The buyers would provide private extension service and promote quality assurance to meet the market standards.
3) The extension workers should, with support from the NAADS Secretariat, encourage farmers to prioritize cocoa among their selected commodities so that it can receive adequate extension support.
4) Wide scale publicity of cocoa growing and mobilizing farmers to grow the crop.

3.1.6 Summary findings of other projects monitored in FY 2009/10

Six other projects where monitored by BMAU during the first three quarters of FY 2009/10 (refer to Table 3.1). The summary findings on these projects are presented below. Details can be found in the respective BMAU quarterly reports covering the period July 2009 – March 2010.

a) Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa

Background

Uganda is one of the six countries implementing the regional Creation of Tsetse & Trypanosomiasis Free Areas (STATFA) project, other countries being Kenya, Ethiopia, Burkina Faso, Mali and Ghana. At the African Continent level, the project is coordinated by the Pan African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC). Hence, the project is also referred to as PATTEC-Uganda. The objective of the project is to eradicate Tsetse and Trypanosomiasis from Uganda. The project is implemented by MAAIF with loan amount UA 6,550,000 and Grant Amount of UA 240,000 by ADF/GoU over the period 2006-2011.

Financial performance

By March 2010, only 13.57% of the ADF loan, 81% of the ADF grant and 6.28% of the GoU contribution had been disbursed. Overall, only 15% of the total project funds had been disbursed over the four year period. In terms of utilization, slightly over a half (54%) of the disbursed funds had been utilized by the project over the four year period. This suggests a very slow rate of funds absorption and project implementation. These are worrying trends given that the project is supposed to be concluded in 2011 with the date of the last disbursement agreed as 31st December 2011. Among the key challenges that explain these financial trends:

1) Government took long to fulfill some of the loan conditions such as hiring the required staff and putting in place a management committee.
2) Bureaucracies in procurements – using two procurement systems of ADB and GoU – have led to excessive delays.
3) Low counterpart funding.

Physical performance

Among the key activities planned under this project for FY 2009/10 as indicated in the signed MAAIF Performance Contract A were:

- The reduction of tsetse, nagana and sleeping sickness incidence and prevalence by 45% in Rakai, Lyantonde, Masaka, Sembabule, Mpigi, Wakiso, Kampala and Mukono.
- Deployment of traps and screen and treat infected animals in Kalangala
- Complete refurbishment and expansion of insectary in Tororo (findings on this indicator are presented separately in section b).

- Rearing flies at NaLIRRI
- Creating awareness and advocacy on project activities.

Monitoring work indicated that the project had not reached any of the planned districts, apart from Kalangala despite having been in existence since April 2006. Therefore the expected output of reduction tsetse flies, nagana and sleeping sickness is yet to be achieved or even tackled. A total of 2,840 traps were received and deployed in Kalangala district.

b) Refurbishment of Insectary at NALIRRI

Background

The MAAIF Insectary[21], hosted by National Livestock Research Institute (NALIRRI) in Tororo, is a regional facility intended to breed tsetse flies that can guarantee total eradication of tsetse by releasing males after sterilization that ensure that no- further tsetse fly offspring are produced. The insectary is supposed to produce seed colony - 300,000 breeding females. The project is directly implemented and supervised by MAAIF with support from ADB. NALIRRI offered a building to be used as an insectary that required expansion and refurbishment. The contract for refurbishment of the insectary was awarded by MAAIF to a private company M/s BUILTRUST Construction company in July 2006. It was planned that the work would be done and completed by December 2006.

Financial performance

The total contract sum signed between MAAIF and M/s BUILTRUST Construction company for the refurbishment and extension works was UShs 618,336,591[22]. The contractor was paid UShs 410,701,501/= or 66% of the contract sum despite having completed less than 50% of the works.

Physical performance

The construction work was never completed and it was reported by MAAIF that M/s BUILTRUST Construction Company disappeared and hence could not be taken to Courts of Law. The Solicitor General advised that the remaining work should be completed by the Ministry of Works and Transport (MOWT). The MOWT has submitted fresh Bills of Quantities and in FY 2010/11 funds have been budgeted by MAAIF to complete the insectary. Physical monitoring by BMAU during Q3 FY 2009/10 found that the construction work had stalled completely and what had been done was sub-standard.

c) Farm Income Enhancement and Forest Conservation Project

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[21] Building that housing equipment for breeding flies.

[22] MAAIF, 2006.

Background

The Farm Income Enhancement and Forest Conservation Project (FIEFOC), that commenced in 2005 and is scheduled to end in 2010[23], aims at improving incomes, rural livelihoods and food security through sustainable natural resources management and agricultural enterprise development. The project has two components: i) Agricultural Enterprise Development Component coordinated by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) ii) Forestry Support Component coordinated by the Ministry of Water and Environment (MWE). The total project cost for the five-year period is estimated at UA51.15m funded by ADB/ADF and GoU[24]. Monitoring work during Q2 of FY 2009/10 focused on the Agricultural Enterprise Development Component.

Financial performance

MAAIF received the following disbursements from ADF/ADB for the FIEFOC Agricultural Enterprise Development Component since inception in 2005:

- US$263,000 disbursed on 25th July 2006
- US$1,038,000 disbursed on 2nd July 2007
- US$3,860,000 disbursed on 27th October 2008

The development funds for this component in FY 2008/09 amounted to UShs 7.374 billion in FY 2008/09.

Physical performance

Three of the four sub-components of the Agricultural Enterprise Development Component were suspended at mid-term review in April 2009 after large sums of money had been injected as start up capital. This resulted in no value for money for the three sub-components (soil fertility, agricultural marketing and small scale irrigation). The fourth sub-component on apiculture was under implementation at the time of the monitoring visit.

Overall, the apiculture sub-component of the FIEFOC project is on course and has delivered the intended outputs at district level. It was not possible to access performance of the centrally implemented components of this project that are implemented by MAAIF as financial and physical performance data was not availed by the ministry. The project however is likely to have limited outreach due to the design that provides demonstration equipment and training to only two groups per district.

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[23] The mid-term review in 2009 recommended an extension of 2 years.

[24] GoU and ADF, 2004.

Implementation related challenges included: irregular funds flow, difficulties in changing bank signatories, limited staff in production department, poor choice of participating areas; project design related constraints related to limited potential impact of project as all activities revolve around workshops and training and suspension of project sub-components. It was recommended that the project should be redesigned to cater for a larger number of beneficiary groups per sub-county for added impact.

d) Farming in Tsetse Controlled Areas

Background

The Farming in Tsetse Controlled Areas (FITCA) is a regional project implemented by MAAIF, with support from the European Development Fund (EDF), in 14 districts in South Eastern Uganda. The project objective is to increase farmers' income through higher productivity in order to enable them sustain tsetse and trypanosomiasis control (T&TC). The main outputs include dissemination and adoption of appropriate agricultural practices (zero grazing, animal traction and pasture development) and strengthening capacity for sustainable control of T&T. The project has been implemented over the 2001-2010 period. This project was monitored in Q3 FY 2009/10.

Financial performance

Between FY 2005/06 and 2008, UShs 5,955,268,365 was released to the FITCA project. Releases to the project for the period January to December 2009 was UShs 1,117,053,110.

Physical performance

All the implementing districts that were visited acknowledged having received the inputs as planned by MAAIF, most of these having been received in the first phase of the project and a few in FY 2009/10. The monitoring work indicated varying levels of physical performance of the project components (Entomology, Veterinary, Land Use, and Medical), some performing better than others in terms of output delivery. The most noticeable outputs related to the Land Use Component that encompassed dissemination of appropriate agricultural practices (zero grazing units, animal traction and pasture development). Farmers in all the sampled districts acknowledged having been trained prior to being provided with the inputs and technologies.

Outputs under the Entomology and Veterinary components were almost non-existent as interventions were gradually being phased out. The key project objective of ensuring sustainability of the tsetse and trypanosomiasis interventions by farmers beyond the FITCA project is unlikely to be met as some facilities that were installed under these components have since been abandoned when inputs were no longer being provided by Government. In the early phases of the project (2004-2008), the key objective of reducing the incidence of tsetse flies was achieved. However, since then, the tsetse fly incidence has increased not only in the intervention areas, but also in neighbouring areas and districts as the project gradually phases out. The objective of sustaining tsetse fly interventions through farmer managed approach and eradicating tsetse fly has not been achieved.

e) National Agricultural Advisory Services

The strategic objectives of NAADS are to increase the effectiveness and efficiency of agricultural advisory/extension delivery to farmers for enhanced agricultural productivity, food security and commercialization. The BMAU was requested, in Q1 of FY 2009/10, to investigate specific complaints by beneficiaries in Kiboga district on misappropriation of funds/technologies by district officials as shown in Table 3.1.10.

Table 3.1.10: Concerns raised by beneficiaries on NAADS in Kiboga District

Sub-county	Concern
Kyankwanzi sub-county	• Concerns were raised that the LCIII Chairman and the Chairman Farmer Fora had changed/ignored NAADS guidelines and instead supplied different enterprises. Apiary was supplied instead of diary cows. • Overpriced technologies – a cow costing Shs 1.8m.
Mulagi sub-county	• Fake/sub-standard spray pumps had been distributed to farmers • Decampaigning of the NAADS programme by sub-county officials
Bukomero sub-county	• There was undersupply of some technologies

Source: Kiboga district beneficiaries

Performance

The monitoring team found that farmers had accessed several technologies from the NAADS programme. However, because the programme was in its infancy in Kiboga district, it was facing challenges including poor alignment of procurement processes with PPDA guidelines, low supply of hybrid seeds and negative publicity of the programme affecting implementation.

On the above concerns, the monitoring team found that in Kyankwanzi sub-county, the NAADS guidelines had not been followed but for justifiable reasons. There was no evidence to support the allegations in Mulagi sub-county. The reported undersupply of technologies was found to be true but for justifiable reasons. The frequent change in the NAADS guidelines was a principle cause of the problems. Insufficient funds for technology development could not allow for technology supplies to cover all the farmer groups.

f) Performance Contract Form B: Implementation by District Production Sector

Background

In FY 2009/10, Government introduced the Performance Contract as a measure to link the output performance to the expenditure in various Ministries, Agencies and Local Governments. Central and Local Government Accounting Officers sign Performance Contract Form A and B respectively with MFPED Permanent Secretary/Secretary to the Treasury. The performance contracts clearly articulate the activities, inputs and outputs under each Vote for the resources appropriated in the financial year. During Q2 of FY 2009/10, the BMAU sampled 4 districts – Tororo, Mubende, Kayunga and Mityana - to assess progress in implementation of the Performance Contract Form B and the challenges that were being faced in using this tool.

Financial performance

During Q2, the District Agricultural Extension Services Grant was scrapped and resources re-allocated to other activities. The PMA Grant for districts was restructured such that 65% was for development expenditure and 35% for recurrent expenditure. These changes greatly affected programme implementation in the sampled districts. The districts had more funds that had been planned for except that they were earmarked for the NAADS programme. More than half of the other activities were not funded, due to the suspension of the 2 grants.

Physical performance

The four sampled districts had adapted the Performance Contract Form B. All the districts were using other detailed workplans for implementation rather than the performance contracts. Other than NAADS, all the other activities in the production sector were not implemented in the first and second quarter of FY 2009/10 due to lack of funding. The scrapping of the agricultural extension grants had a major negative impact in terms of realization of the national priorities in the sector. This undermines the entrenchment of performance contracts when central government breaches some parts of the contract – not providing funds as agreed. Other challenges included:

i) Delayed remittance of funds from the district accounts to the user departments

ii) Understaffing in District Accounts Department to manage the ever expanding NAADS programme;

iii) Releases for centrally managed projects often do not come with guidelines for expenditure which makes implementation difficult.

iv) Districts expressed concern regarding the inequitable distribution of MAAIF donor financed projects regionally.

3.2 EDUCATION

3.2.1 Introduction:

The sector objectives which guide medium term outputs and resource allocations are: Increasing and improving equitable access to quality education at all levels; improving the quality and relevance of education at all levels; and improving effectiveness and efficiency in delivery of the education services.

During the period January – March 2010, MoES implemented a number of development projects under the approved work-plan/performance contract. A progress report on the status of these projects was submitted to MFPED in April 2010. Based on this progress report, a team of officers from the Budget Monitoring and Accountability Unit (BMAU) visited the reported activities in order to verify the reported status and to establish the achievement of the second quarter planned outputs targets.

Scope:

The monitoring team sampled activities reported in the January – March 2009/10 Progress Report and visited development projects in 26 districts.[25] These included:- Utilization of the Euro 23m under the Royal Netherlands Embassy support FY 2008/09, developmental projects reported under Emergency Construction and Rehabilitation of Primary Schools, Development of Secondary Education, Development of BTVET and Development of TVET P7 Graduate and Development of PTCs and NTCs, and constructions under the Presidential Pledges for FY 2009/10 in several districts.

This report therefore gives the status and progress of implementation as at the time of the monitoring visit during the months of May and June 2010.

Methodology:

The team undertook a desk review of a number of documents in preparation for the fieldwork and during the process of compiling this report. From this, a check list of issues and activities for the monitoring exercise was developed. Focus Group Discussions (FGD) and Key Informant Interviews were held with various Government officials at central and district levels regarding the physical status of reported activities in the Progress Report. Observations of events, processes and activities regarding the reported outputs were made. In some cases call-backs were done to triangulate information. The team also took photographs to show the status of the monitored projects as at the time of the monitoring visits.

Challenges:

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[25] Kabale, Kanungu, Rukungiri, Ntungamo, Mbarara, Isingiro, Kiruhura, Kasese, Kabarole, Kamwenge, Mubende, Mityana,Pallisa, Soroti, Bukedea, Mbale, Manafwa, Wakiso, Gulu, Apac, Luwero, Nakaseke, Mpigi, Busia, Bugiri, and Kaliro

A number of beneficiaries had little information on scope of civil works, costs, contract periods particularly on projects contracted and implemented by the centre. It was also found that some heads of Institutions /head teachers do not share financial information with their staff/deputies. This posed challenges in getting information from head-teachers who were not at schools at the time of the monitoring. However, the team interacted with officers handling projects at the centre and also made telephone contacts with the head teachers.

3.2.2. Utilization of the Euro 23m under the Royal Netherlands Embassy support FY 2008/09

Introduction:

Government of Uganda received a total of Euro 23m from the Royal Netherlands Government as an off-budget support to MoES. The funds were for improvement of quality of primary education in 12 districts in the Lango and Acholi sub regions[26] under the Peace Recovery and Development Programme (PRDP) and the 12 districts that fall under the Quality Enhancement Initiative (QEI).[27] The agreements for these funds were signed by the Netherlands Minister for Development Cooperation and Minister of Finance, Planning and Economic Development of the Republic of Uganda on 25th September 2008 and 4th December 2008 respectively. Thereafter the funds were released in two instalments of Euro 17m and Euro 6m during the FY 2008/09. Under the same arrangement Euro 0.5m was to be released during the FY 2009/10.

During May 2010, officers from BMAU conducted a monitoring exercise to track the progress of implementation of activities and to verify the reported outputs. Fourteen districts were sampled for the monitoring exercise (i.e. five districts from the Lango and Acholi sub-region[28] and ten from the QEI districts[29]).

Methodology

The team reviewed the accountability report submitted by MoES. Key Informant interviews were held with District Education Officers, District Inspectors of Schools, Inspectors of Schools and selected head teachers in some schools that received the reported outputs in the sampled districts. For districts in the Acholi and Lango regions, the team interacted with some suppliers. The team also interacted with officers from National Curriculum Development Centre (NCDC). Photographs were also taken as evidence of outputs found on the ground.

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[26] i.e. Adjumani, Amolatar, Amuru, Apac, Dokolo, Gulu, Kitgum, Lira (including Lira Municipality), Oyam, Pader and Gulu (including Gulu Municipality)

[27] Arua, Amuru, Bududa, Bukedea, Buliisa, Kaabong, Kyenjojo, Lyantonde, Mubende, Nakapiripirit, Nebbi and Oyam.

[28] Lira, Apac, Oyam, Gulu, Amuru including the two Municipalities of Lira and Gulu,

[29] Arua, Amuru, Nakapiripirit, Bukedea, Bududa, Mubende, Lyantonde, Kyenjojo, Nebbi and Oyam

Findings:

a) Supply of P.4-P.7 textbooks in primary schools in the Lango and Acholi sub-regions

The Performance report on the utilization of the Euro 23m indicated that all Government aided primary schools in the Lango and Acholi sub regions were supplied with P.4 –P.7 text books by 10 publishers for all subjects under various titles.[30] The report further noted that Mathematics and English were supplied at a ratio of 1:1 and other subjects in the ratio of 1:3.

Findings indicated that the bigger majority of Government Aided Primary schools in the Lango and Acholi sub regions received the reported text books. The supply of these text books by different publishers in various districts was reported to have taken place between October 2009 and January 2010.

Officials in the districts of Lango and Acholi sub regions visited reported that there were a few schools that did not receive the reported text books from publishers. In Lira district five primary schools did not receive the reported primary text books. These include Boke P/S, Teongora P/S, Akwanilum P/S and Ongura P/S. In Apac District 2 schools missed, that is Apac P/S and Ololango P/S. Twelve community schools that have UPE pupils in Apac also missed out on these text books. The details of schools that did not receive the text books are summarized in table 3.2.1.

Table 3.2.1: Distribution of textbooks to schools in lango and Acholu subregions.

District	Number of Schools that received	Number of Schools that did not receive
Lira	207	5 schools
Apac	178	2 Govt Aided and 12 Community schools and one private school all having UPE pupils did not receive text books
Oyam	102	1 (Alworopii P/S in Minakulu S/C)
Gulu		7 schools; (Karo abili P/S, Abwoc Koran P/S, Pageya omel Apme P/S, Lukome P/S etc)

Source: District Education offices.

From the above, it is clear that overall many primary schools in the Lango and Acholi sub regions that did not receive the reported text books of P4- P7. In monetary terms this translates into a lot of money lost by Government.

[30] 18 titles by Longhorn, 8 titles by Fountain, 30 titles by Macmillan, 18 titles by Joibaso, 6 titles by MK General School suppliers Ltd, 8 titles by MK Publishers Ltd, one title by Gustro Ltd, 7 titles by Mukono Bookshop, 4 titles by Net Media and 20 titles Longman.

In a number of instances schools received less text books than the numbers indicated in the delivery notes. Many schools in Apac and Lira for instance registered complaints to the DEOs that many boxes contained less text books than what was indicated in the delivery notes. In Lira District for instance Head-teachers of Bardago P/S and Alangi P/S expressed this complaint.

All District authorities reported that they did not know how many books each publisher was supposed to supply under each of the titles to the various schools. This information was not shared with them by MoES prior to the beginning of the exercise. This made monitoring the numbers of books delivered by each of the publisher under the different titles to schools under their jurisdiction rather difficult. District authorities depended on lists that the publishers availed them. This concern was noted in the districts of Lira, Apac, Oyam and Gulu.

Private Schools that received text books:

It was reported that there were a few private schools that received text books. Bright Valley Primary School in Gulu District for instance is one such school. It was not clear how these schools came to be on the supply list of the publishers.

<u>Modality of deliveries:</u>

Three districts reported that the publishers delivered the text books directly to schools. MK publishers, Mukono Bookshop and Joibaso were particularly reported to have delivered directly to schools in Lira, Oyam and Gulu districts. Several districts complained however, that these publishers distributed the text books directly to schools without involving the District Education Officers.

While publishers were contracted to deliver books directly to schools, some of them did not do so. In Apac for instance, publishers invited the headmasters together with the chair persons of the school management committees to district headquarters through radio announcements and facilitated them to transport the books back to their schools. A few publishers such as Macmillan publishers delivered the text books at sub county level and facilitated the respective head teachers to transport the books to their respective schools. This was the case in Apac District. In Lira District, Monitor publications sub-contracted a local Book shop called Alpha Bookshop to distribute the books on their behalf.

<u>Recommendation:</u>

For P.4-P7 there is need for government to undertake a systematic investigation into what each of the 10 publishers actually supplied to each of the primary schools in the Lango and Acholi sub-regions. This will help to establish the value of what was lost/not supplied to all the primary schools in the sub regions. This data will therefore be useful in compelling those publishers to supply what they did not supply so that government gets value for money.

b) Supply of P1 and P2 Thematic Curriculum materials to Primary Schools.

The Performance report for the utilization of the Euro 23m indicated that each Government aided primary school in the Lango and Acholi sub-regions and all those in the QEI districts were supplied with a set of Wall Charts, Math practice books, English practice book, Math work cards, Readers in English and Readers in the area Local Language.

Findings indicated that primary schools in Districts in the Lango and Acholi sub regions visited received the thematic curriculum materials for P1 and P2. Also all districts in the QEI region visited reported that their schools received the thematic curriculum materials.

However, almost all district officials in the Lango and Acholi sub regions and those in the QEI districts noted that they could not verify what was received because they did not have a comprehensive list of thematic curriculum materials from MoES indicating what each publisher was supposed to supply to each of the schools in the respective districts.

District officials in the Lango and Acholi sub regionsw reported that all schools that missed out on the P.4 –P.7 text books also missed out on the P.1 and P2 thematic curriculum materials.

Findings further indicated that a number of primary schools in the 12 districts under QEI also missed out on the P1 and P2 thematic curriculum materials. In Lyantonde district for instance; 5 primary schools were reported not to have received these materials (i.e. Kitazigolokwa RC P/S, Buyanja P/S, Buyaga P/S, Kalyamenvu P/S and Kyemmamba P/S).

Several DEOs reported that they had also received complaints from their schools to the effect that some schools received fewer thematic curriculum materials due to under- packing. This was because the number of materials in some packages did not tally with the delivery notes.

The monitoring team randomly sampled out at least one school in five of the districts visited to find out more about which publishers supplied thematic curriculum materials and what materials were supplied. The findings are summarized in table 3.2.2.

Table 3.2.2: Publishers supplying themetic curriculum materials to smapled primary schools

District	School sampled	Publishers that supplied to this School	Publishers that did not supply to this school
Lyantonde	Kasambya P/S	Fountain Publishers	Joibaso Publishers
		MK Publishers	Pelican Publishers
		Macmillan Publishers	Baroque Publishers
		Longhorn Publishers	
		Net Media Publishers	
		Pearson Publishers	
Mubende	Kibalinga P/S	Pearson Publishers	Joibaso Publishers
		MK Publishers	Net Media Publishers
		Longhorn Publishers	Macmillan Publishers

		Baroque Publisher	
		Pelican Publisher	
		Fountain Publisher	
Kyenjojo	Kaihura P/S	Pearson Publishers	Joibaso Publishers
		Net Media Publishers	Macmillan
		Mk Publishers	
		Longhorn Publishers	
		Pelican Publishers	
		Baroque Publishers	
		Fountain Publisher	
Arua	Jiako P/S	Pearson Publishers	Joibaso Publishers
		Longhorn Publishers	MK Publishers
		Baroque Publishers	Pelican
		Fountain Publishers	
		Macmillan Publishers	
		Net Media Publishers	
Nebbi	Omyer P/S	Fountain Publishers	
		Pearson Publishers	
		Longhorn Publishers	
		Net Media Publishers	
		MK Publishers	
		Joibaso Publishers	
		Pelican	
		Baroque	

Source: Delivery Notes in schools visited.

From that sample of 5 primary schools in 5 districts, it is clear that some publishers did not supply materials as per contract to a number of schools in various districts. From the above, it is also clear that Joibaso Publishers did not supply thematic curriculum materials to four sampled primary schools in four different districts. If the results of this sample are generalized, it may be concluded that Joibaso Publishers did not supply thematic curriculum materials to many schools in the Lango and Acholi sub regions and in districts under the QEI programme. This translates into a lot of money lost by government.

Macmillan Publishers, that had a longer list of titles to supply to each of the schools in the various districts, did not supply in 2 sampled primary schools in two different districts. Again if the results of this small sample are generalized, Macmillan Publishers did not supply thematic curriculum materials to many schools in the Lango and and Acholi sub regions and in districts under the QEI programme. The same applies to the other publishers.

Officials in Nakapiripirit district in particular reported that some publishers did not supply the reported materials to schools in the district. The monitoring team probed the officials using a list of publishers in the report; they noted that at least three publishers (Joibaso, Mukono Bookshop and Longman) did not supply any books to the district.

The monitoring team did a case study of thematic curriculum materials supplied by publishers to Kibalinga Primary School in Mubende District. The findings are summarized in table 3.2.3.

Tbale 3.2.3: Case study of what was delivered to Kibalinga P/S in Mubende District.

Publisher	Date supplied	Book title	P1	P2	Books not supplied to this school by the publishers
Pearson	14/11/09	Readers in English	6	8	Wall charts for P1 & P 2, English Practice Books for P.1
		Readers in Luganda	2	38	
		Maths Practice Book	13	15	
		Maths Work Cards	5	16	
		English Practice Book	0	11	
		Wall charts	0	0	
MK Publishers	1/10/09	Readers in Luganda	5	30	
		Readers in English	0	10	Wall charts for P1 & P2, Readers in English for P1,
		Math work cards	19	11	
		English Practice book	6	11	
		Maths Practice books	6	13	
		Dictionaries	3	0	
		Wall charts	0	0	
Longhorn	3/8/09	Math Practice books	10	8	Wall charts for P1, Math work cards for P.1 & P.2
		English Practice books	16	6	
		Readers in English	13	0	
		Readers in Luganda	12	0	
Baroque	28/7/09	Readers in English		30	

Pelican	20/07/09	Math Practice books		10	
Fountain	3/07/09	Math Practice books	16	12	Wall charts, Dictionaries
		English Practice books	13	46	
		Maths works cards	10	21	
		Readers in English	16	24	
		Readers in Luganda	10	15	
		Wall Charts	0	02	
		Dictionaries	0	0	
Joibaso					All titles not supplied
Macmillan					All titles not supplied
MK					All titles not supplied

Source: Delivery Notes at Kibalinga P/S.

Table 3.2.3 shows that Pelican Publishers, MK Publishers, Long horn Publishers and Fountain Publishers did not supply all the titles of thematic curriculum materials to Kibalinga primary school. The same school missed out on all the titles from Net Media Publisher (2 titles), Joibaso Publishers (Wall charts and English readers) and Macmillan (5 titles) for both classes. If this case is generalised, probably the same publishers supplied the curriculum materials in the same manner to other schools in the various districts.

Mode of deliveries:

While publishers were contracted to deliver thematic curriculum materials directly to schools, some of them did not do so. A number of them invited head teachers to the district headquarters and distributed the materials at the district level. In these cases head teachers were facilitated to take the materials to their respective schools. In a few instances some publishers supplied these materials directly to schools.

The head masters in the various districts complained about the poor facilitation given to them by the publishers to transport the books to schools. In Nakapiripirit district for instance, head teachers were given between Ushs 25,000/= to 30,000/= while in Bukedea they were given UShs 10,000/=

Recommendation:

There is need to carry out a systematic investigation in all the primary schools that were supposed to receive thematic curriculum materials in the 24 districts in order to establish what was not supplied by each of the 10 publishers. This will also give an indication of value of money lost by government due to under deliveries by some of the publishers, and publishers. This data will therefore be useful in compelling those publishers to supply what they did not supply so that government gets value for money.

c) **Mix up in the distribution of Thematic Curriculum Materials:**

All districts in the Lango and Acholi sub regions further observed that there was a mix up in the distribution of thematic curriculum materials to their schools. The Langi speaking districts (Apac, Oyam and Lira) received Acholi versions while all the Acholi speaking districts (e.g Gulu) received Langi versions of the thematic curriculum materials. This mix up in the distribution process rendered the supplied materials to schools in the region un-usable. A district official in Apac expressed his feelings about this mix up in the following words:

"Lango children cannot be taught in Acholi and Acholi children cannot be taught in Lango. The two are different. We cannot use these materials because we do not speak Acholi here. This has to be sorted out immediately in order for the materials to be useful." District Official Apac District.

The same problem was noted in the QEI districts of Nebbi, Arua and Lyantonde. All schools in Nebbi districts were supplied with Lugbara thematic curriculum materials instead of Alur. A few schools in Arua district neighbouring Nebbi district that speak Alur also suffered the same fate. In Lyantonde Districts all schools were supplied with Luganda thematic materials yet a number of schools use Lunyankole.

In Bukedea, it was reported that some of the thematic materials particularly those in Atesot contained a number of spelling errors. It was recommended that teachers who know the orthographies of the different languages be employed to clean them up before the final versions are published and distributed.

Recommendations:

- MoES should make arrangements to sort out the issue of thematic curriculum materials in the districts of Lango and Acholi sub regions and QEI districts.
- The materials distributed to districts where languages differed should be retrieved and redistributed accordingly.

P.3 Thematic Curriculum materials:

The Performance report (Pg.2) indicates that Euro 1.1m of the first tranche of 17m was spent on P3 thematic curriculum materials. The same reports in table (ii) Page 2 reports that Euro 3.5m of the second tranche of Euro 0.6m, was spent to purchase thematic curriculum materials for P1- P3 in QEI districts.

However during the monitoring, no district in the Lango and Acholi sub regions or any district in the QEI region had received thematic curriculum materials for P.3 with funding from the

Netherlands support during the period under review. The only thematic curriculum materials that all districts reported to have received were for P1 – P.2.

Recommendation:

MoES should clarify on the reported accountabilities for thematic curriculum materials for P.3. The clarifications should indicate full accountability for the Euro 4.5m; the titles of the curriculum materials for P.3, the publishers involved and the districts where they were supplied.

(c)Use of the text books:

Officials in the districts visited reported that the books are generally in use in most of the primary schools. However there were also reported cases where some head teachers were not putting the texts books into the hands of the learners. In these schools text books are locked in capboards or stores. In Lira District for instance the DEO noted that over 70% of the schools were simply storing the books instead of giving them to pupils. The same was reported in Apac district. District officials of Gulu District in their routine monitoring also found that in many schools, these text books were still in boxes.

Recommendation:

District inspectors of schools in their routine monitoring should ensure that teachers utilise the thematic curriculum materials and also distribute them to the learners. It is the effective use of these materials by the learners that will partly bring out the desired learning outcomes.

Storage of text books:

Storage of text books is a big challenge in many schools in various districts. Several District Education Officers reported that a bigger proportion of primary schools in districts do not have libraries or book stores. Most of these books are either locked up in head teachers' offices or in one of the lockable classrooms. By the time of monitoring many schools in various districts had not stamped the text books. The head teacher of Omyer Primary School in Nebbi District[31], for instance, reported that a number of these books recently supplied were lost due to poor storage by the previous head master. Before he was transferred to the school, there was no inventory of the books at the school and books were kept in classes. However, these have been registered and put in a store.

Recommendation:

[31] Omyer Primary School is located in Owinyopyelo village, Kalowang Parish, Nebbi sub county, Padyere county, Nebbi District.

During school inspections, inspectors should ensure that schools have Stock Registers and Stock Issue Registers. These registers would help in holding teachers accountable for the thematic curriculum materials that they pick from the stores for their use in classes.

d) Supply of furniture.

The Performance report for the utilization of the Euro 23m indicated that 8,771 eight infant sitter tables, 70,175 pupils' chairs, 19,737 three-seater desks, 2,848 teachers' chairs and 2,192 teachers' tables were in the process of being supplied. The report noted that 272 primary schools selected by the various Local Governments were to benefit from the supply of furniture. It also noted that contracts to supply this furniture were given out to 2 firms: HL Investments limited and Eliana Agencies Limited.

Findings indicated HL Investments Limited was contracted to supply furniture in six districts of Adjumani, Amuru, Pader, Lira, Amolatar and Dokolo. Eliana Agencies was consequently contracted to supply furniture to the rest of the districts in the Lango and Acholi sub regions. Each primary school in the various Districts was supposed to receive 32 eight-seater tables for P1-P2, 256 pupil chairs for P1-P2, 72 three-seater pupil desks, 8 teachers' chairs and teachers' tables.

Findings further indicated that HL Investments started supplying furniture to schools during February 2010 and by the time of monitoring in May 2010 this work was still going on. It was also reported at the time of monitoring that, all the 43 primary schools in Pader District had received their furniture while 16 out of 53 primary schools in Lira District had fully been supplied with furniture. It was further reported that supply of furniture to the rest of the schools in the districts of Adjumani, Amuru, Dokolo and Amolatar was yet to start.[32] HL Investments secured some space in the Mayoral gardens in Lira Municipality for assembling all the furniture before delivery to the schools in the various districts. The beneficiaries were happy with the quality of furniture so far received from the contractor.

On the other hand districts that were being supplied furniture by Eliana Agencies Limited had a lot of reservations about the way the contractor was doing this work. As at the time of monitoring, two districts reported that this contractor was simply dumping un-assembled boxes of furniture to the schools.

This complaint was registered in Apac and Oyam districts. In Apac it was reported that some primary schools only received frames, others received only tops.

While the supply of furniture started in December 2009, no school out of the 42 eligible primary schools in Apac had received a complete set of furniture as at the time of the monitoring visit.[33]

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[32] Adjumani has 10 schools to receive furniture, while Amuru District has 15 schools, Dokolo District has 11 and Amolatar District has 10 schools.

[33] i.e. 32 eight-seater tables for P1-P2, 256 pupil chairs for P1-P2, 72 three-seater pupil desks, 8 teachers' chairs and teachers' tables

Some of the furniture being assembled by HL Investments in Lira Mayor's gardens

Table 3.2.4: Examples of schools that did not receive full sets of furniture in Apac District:

Name of Primary school	What was received and not fitted	What the school didn't receive
Aboko P/S	Tables and Desks	
Inomo P/S	Only frames	Tops
Awir P/S	Desks, tables	chairs
Chegere P/S	Desks, tables, chairs	
Apolika P/S	Tables, desks	
Atudu P/S	Frames for tables, chairs, desks	Tops

Source: Apac District Education Officer.

In Apac District 23 primary schools did not receive any furniture. These include:- Abuli P/S, Ogwil P/S, Awila P/S, Ayago P/S, Aninolal P/S, Olelpek P/S, Alworoceng P/S, Alenga P/S, Arocha P/S among others.

This means that Government did not get value for money in all the schools and in all districts where Eliana Agencies supplied the furniture. Unfortunately some head teachers in Apac signed the delivery notes indicating that they had received the full delivery of furniture.

Some of the furniture in boxes dumped without being assembled to Ikwera P/S, Apac District

Oyam district officials also re-echoed the same complaint. While they reported that Eliana Agencies had supplied some furniture to some primary schools, all the schools received partial deliveries and all schools received boxes of furniture partially assembled. Out of the 27 primary school in Oyam District no school had received a complete set of assembled furniture as at 18th of May 2010.

On the other hand, supply of furniture to primary schools in Gulu District had not started as of 20th May 2010.

Schools not on the furniture list:

It was reported that a few schools that were not on the original list of beneficiary schools were supplied with furniture. In Lira district for instance furniture for Ngeta Boys was instead delivered to Ngeta Girls primary school. These are neighbouring schools. It was reported that this issue even became political and district authorities failed to retrieve the furniture and deliver it to the rightful recipient. A similar case was reported in Oyam district where Loro primary school was supplied with furniture despite not being on the list.

Recommendation:

In order to get value for money, MoES should follow up on the supply of furniture by Eliana Agencies to schools and in the districts where this firm was contracted to supply. The ministry should compel Eliana Agencies to supply all furniture to schools in the selected districts as per the contract. MoES should compel Eliana Agencies to assemble all the boxes of furniture that they dumped un-assembled in the different schools in the districts of Apac and Oyam as well as other districts where the monitoring team was not able to visit.

e) Supply of Water tanks to schools:

The Performance report for the utilization of the Euro 23 million indicated that Euro 2 million was used to buy water tanks for distribution to schools. The report also indicates that 1041 water tanks were supplied to 830 primary schools in the Lango and Acholi sub-regions.

Findings indicated that all districts in the Lango and Acholi sub regions reported that the selected primary schools received at least one 10,000 litre water tanks. Findings about receipt of water tanks in visited districts are summarized in table 3.2.5:

Table 3.2.5: Primary schools that received water tanks

District	Number of schools that received water tanks
Lira	75 schools
Apac	194 tanks supplied (poly-tanks 91 tanks, crest tanks 103)
Oyam	57 schools
Gulu	69 schools

Source: DEOs and DIS in those Districts

In Apac, the DEO complained about the selection criteria for the schools that received water tanks. He noted that some schools which have boreholes also received water tanks while some needy schools did not receive. This means that some schools that have no water problems received tanks and are not using them.

It was reported in 2 districts (Apac and Gulu) that some of these tanks were vandalised by children and the communities. In a number of schools in the 2 districts children have removed the tap. One district official was worried that a lot of funds spent on the water-tanks support component may not produce the intended outcomes.

Recommendation:

District education officials in the education departments should undertake sensitization campaigns in schools to ensure that the school property is not vandalized. Head teachers should be held more accountable for the safety of school property under their care.

f) Supply of Motor cycles:

The Performance report for the utilization of the Euro 23m indicated that 108 motor cyles were supplied to all Districts and Municipalities giving a priority to the Lango and Acholi sub-regions and the QEI districts.

One of the Motorcycles that MoES procured

Findings indicated that all districts visited received the reported motorcycles. All the motor cycles were all brand new and bore red number plates of UG/---E series. The motor cycles seen by the team were all Honda XL 125 cc. At the time of the monitoring visit all the motor cycles were being used by officers in the District Education Departments particularly the District Inspectors of Schools. The details of what was received by each District and Municipality are summarized in table 3.2.6:

Table 3.2.6: Receipt of motorcycles by districts

District	No. of Motor cycles received
Lira	1
Lira Municipality	1
Apac	2
Oyam	2
Gulu	2
Gulu Municipality	1

Nakapiripirit	1
Buduuda	1
Bukedea	1
Lyantonde	1
Amuru	1
Mubende	1
Kyenjojo	1
Nebbi	1
Arua	1

Source: DEOs and DIS in those Districts:

g) Supply of computers

The Performance report for the utilization of the Euro 23m indicated that 93 computers, printers and accessories were supplied to all Districts Inspectors of Schools and Municipal Inspectors of schools.

One of the computers procured (DIS's Office, Lira District)

Findings indicated that this reporting was correct. All the districts in the Lango and Acholi sub regions as well as those in the QEI that were visited received a set of computer and a printer. These computers were all brand new. All the districts also confirmed that printers with other accessories were also received. The monitoring team also confirmed that the computers, printers and accessories were being used by District Inspectors of Schools in almost all districts.

h) Latrines:

The report (Pg.2) indicates that Euro 2m was used to put up latrines. However the report did not elaborate on the total number of pit latrine stances that were constructed nor did it indicate the districts and the particular locations/schools where the latrines were constructed.

All the district officials visited in Lango and Acholi sub regions as wellas the QEI districts were not aware of any latrines constructed in their districts with support from the Royal Netherlands Embassy during the period 2008/09-2009/10. The team however, was not able to verify this reported output on the ground.

Recommendation:

MoES should clarify on the number of pit latrines that were constructed during the FY 2008/09-2009/10 with support from the Royal Netherlands Embassy. This clarification should give the total number of pit latrines constructed with clear locations (i.e. names of schools, village, parishes, sub counties and districts).

i) Construction of classrooms and teachers' houses:

The report (Pg.2) further notes that Euro 1.5m was used for construction of classrooms and teachers' houses in hard to reach schools in the QEI districts. However, just like with the latrines, the report did not elaborate on total number of classrooms and teachers' houses that were constructed nor did it indicate the districts and the particular locations/schools where they were constructed.

All the district officials in the Lango and Acholi sub regions and those in the QEI disricts visited did not know of any primary school where classrooms and teachers' houses were constructed with support from the Royal Netherlands Embassy during the period 2008/09-2009/10. The monitoring team was therefore not able to verify this reported output on the ground.

Recommendation:

MoES should clarify on the number of classrooms and the number of teachers' houses constructed with support from the Royal Netherlands Embassy to hard to reach schools in QEI district worth Euro 1.5m during the FY 2008/09-2009/10. This clarification should give clear locations (names of schools, village, parishes, sub counties and districts).

j) Support to NCDC:

The report (Pg.2) indicates that Euro 0.12m was used to fund the National Curriculum Development Centre (NCDC) to re-arrange the P4 curriculum from the proposed 10 subjects to 7 subjects.

Findings from our monitoring indicated that NCDC received UShs 300,000,000/= during the period under review from MoES. According to the Director NCDC, this money was used to fund activities for repackaging the P.4 curriculum. This activity involved working with ten panels of subject curriculum development specialists to reduce the subjects from ten subjects to seven.[34] The developed P.4 curriculum was completed and piloted in selected schools during 2009 and has now been rolled out to all schools.

[34] Some subjects were merged while others were dropped. For instance Physical education was merged with Art and Technology, Music Dance and Dramma to come up with Creative Art and Physical Education as one learning area. The subject content for Integrated Production Skills was dissolved into a number of subjects. Subjects that were dropped included Kiswahili and ICT.

Conclusion:

Overall, 4 activities that included supply of water tanks, procurement of motorcycles, procurement and distribution of computers, printers and accessories for all Inspectors of schools as well as support to the NCDC activities on P.4 curriculum reform were well handled. No complaints were received on these activities. However, a number of complaints were registered on the supply of P.4-P.7 text books to primary schools in the Lango and Acholi sub-regions, supply of P.1 and P.2 thematic curriculum materials to primary schools in the Lango and Acholi sub regions and primary schools in the QEI intensity districts, and supply of furniture to selected primary schools in the same region. While some Publishers supplied, a few did not supply while others made under deliveries. A lot of money was not properly accounted for under construction of latrines, classrooms and teachers' houses. There was no evidence for construction of these facilities in the Lango and Acholi sub regions or in the QEI districts with support from the Netherlands support for the period 2008/2009-2009/10.

3.2.3 Pre-Primary and Primary

The approved budget for Development programmes for FY 2009/2010 was UShs 49,000,733,491/=. Out of that UShs 45,687,036,491/= was released. The IFMS system indicates that at the end of the FY Ushs 45,656,705,401/= was spent on different development programmes under the different vote functions.

Emergency Construction and Rehabilitation of Primary Schools:

The approved budget for Emergency Construction and Rehabilitation of Primary schools project for FY 2009/10 (0943) was UShs 1,500,000,000/= . Out of that UShs 1,408,372,000/= (94%) was released. The IFMS system indicates that at the end of the FY all this money had been spent.

Four primary schools under the emergency construction and rehabilitation of primary schools project were monitored. Findings indicated that three of these schools received funds for construction of classrooms. Two of them had not started construction and funds were still on the school accounts by the time of monitoring. One of them (i.e. Bukiyi P/S) had not received funds for construction as at the time of the construction. The details follow below:

<u>Bukiyi Primary School:</u>

Bukiyi Primary School is found in Katuulu LCI, Dahami parish, Bukiyi sub county, in Sironko District. This is one of the schools that was earmarked to be rehabilitated under the Emergency Construction and Rehabilitation of primary schools. A 4 classroom block was hit by a storm destroying the entire roof in February 2008. The Progress Report for Q3 from MoES indicated that MoES rehabilitate a 4 classroom block at Bukiyi P/S worth 20m.

Findings from the ground indicated that this reporting was incorrect. By the time of the monitoring visit on 8th June 2010 the school had not received any funds and the 4 classroom block had not been rehabilitated as reported.

The deputy headmaster reported that the school received a letter from MoES notifying them about the above mentioned funds and requesting them to acknowledge receipt. However, no funds had been remitted to the school. He also noted that the head-teacher together with the District Education Officer were following this issue with MoES.

Murago Primary School:

Murago Primary School is located in Kagorogoro cell, Murama parish, Nyakishenyi sub county, Rubabo county in Rukungiri District. The Progress Report for Q3 indicated that MoES rehabilitated a 7 classroom block, procured 126 desks for the classrooms, constructed 2 blocks of pit latrines of 5 stances each at the school. This was reported to have cost UShs 40 under the Emergency construction and Rehabilitation of Primary Schools project.

Findings from the monitoring visit on 22nd June 2010 indicated that the school received UShs 40 million. The funds were credited to the school account[35] on 22nd March 2010. However, the actual construction had not started.

While the Q3 Progress Report indicates that 7 classrooms were rehabilitated 126 desks purchased and 2 blocks of 5 stance pit latrines built at this school, the guidelines from MoES as well as the BoQs to the school and the contract which was signed with the contractor were for construction of 2 classrooms with an office and a store, construction of 2 stances of pit latrine and provision of furniture for 2 classes. Therefore there was a mix-up between what was in the progress report and the guidelines.

The school management put in place a contracts committee. The contract for the civil works was awarded to MMUFA Limited of Box 130 Rukungiri. The contractor also accepted the offer in a letter dated 20th May 2010. Findings further indicated that the head teacher on 7th June 2010 paid out UShs 20,000,000/= to the contractor in advance, allegedly for mobilisation, and by the time of the monitoring visit on 22nd June no works had started. This particular payment contravened the payment guidelines in the contract agreement as there was no work done,[36] and no certificate produced.

There is need for MoES to investigate how the procurement process at this school was handled that led to awarding a contract to a firm that did not have funds. Secondly there is need for MoES to follow up construction at this school to ensure that the civil works are done and that no funds are lost.

St. Damascus Primary School:

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[35] Account Number 0120706063301 Stanbic Bank, Rukungiri Branch

[36] The agreement is clear that payments shall be made upon producing certificates for the slab level, Ring bim level, Roofings and fittings level and final completion of the structure.

St Damascus Primary School is located in Katasule LCI, in Kireku parish, Kikyusa sub county in Luwero district. According to the Q2 progress report, MoES constructed a 2 classroom block, 5 stances of Pit latrine and procured 36 desks for this school under the Emergency Rehabilitation and Construction of Primary Schools project. All this school was reported to have cost UShs 37m.

A 2-classroom block at St Damascus P/S, FY 2009/2010

Findings indicated that the school received the funds in mid April 2010. The funds were used to construct a 2 classroom block and a 5 stance pit latrine. Civil works started in May 2010. By the time of monitoring the classroom block was completed. However, the desks had not been procured as at the time of our monitoring.

Ttaba Primary Schools:

Ttaba Primary Schools is found in Ttaba village LCI, Mako parish, Kasanje sub county, Busiro County in Wakiso District. The Q3 Consolidated Progress Report indicates that MoES completed construction of a 3 classroom block at this school. The block is reported to have cost Ushs 20,000,000/= under the Emergency Construction and Rehabilitation of Primary Schools project.

Findings from the monitoring visit indicated that the school received the reported funds on 24th April 2010. However, construction of the 3 classroom block has not been completed as reported. In fact no civil works had started on the block as at the time of monitoring on 8th July 2010.

Initially the funds were intended for completion of a 3 classroom block that the parents started and stalled at window level. It was also reported that the school management wanted to divert the funds and use them to put up teachers' houses. However, MoES did not clear them to do so. By the time of the monitoring visit the funds were still lying on the school account. Interestingly the DEO had no official communication that MoES had disbursed the reported funds to the school.

Findings further indicated that while the FY 2009/10 had ended, there was no evidence of commitment of these funds and also no evidence that the accounting officer (HM) had sought permission from PS/ST or received a written authorization from the Accountant General to retain the funds on the school account. This contravenes the Finance and accounting regulations.

Recommendation:

To ensure value for money under the Emergency Construction and Rehabilitation of Primary Schools project, MoES should follow up on the following:

- Share information with District authorities when they release funds for capital development under the Emergency Construction and Rehabilitation of Primary schools project. Districts as stakeholders in capital development under the sector need to play their supervisory roles.
- Ensure that the 36 desks for Damascus Mixed P/S are actually procured.
- Ensure that UShs 20m for Bukiyi P/S for construction of a 3 classroom block is remitted to the school.
- Investigate how the procurement process at Murago primary school was handled that led to awarding a contract to a firm that did not have funds. Secondly MoES to follow up construction at this school to ensure that the civil works are done and that no funds are lost.

3.2.4. Secondary Education:

The approved budget for Development of Secondary Education project (0897) for FY 2009/10 was UShs 13,063,000,000/=. Out of that UShs 11,863,470,000/= was released. The IFMS system indicates that at the end of the FY Ushs 11,838,351,361/= had been spent. Ushs 25,118,436/ was still committed.

Secondary Schools for rehabilitation:

Three secondary schools under this project were monitored. All these projects were centrally procured. In all of them construction/rehabilitation was going on.

<u>Kigezi College</u>

Kigezi College is located in Butobere LC I, Butobere Ward, Central division, Kabale Municipality in Kabale District. This is one of the traditional schools for expansion. By the time of the monitoring visit civil works by Amongoli enterprises were going on at the school.

The structures under construction were at different levels:

1. A library block was at ring bim level.
2. A storied classroom block that will have 3 classrooms down and 3 classrooms upstairs was at ground slab level.
3. A science block was at ring bim level.
4. A teachers' house was at foundation level. At the time of the monitoring visit, the base columns were being casted.

A library block and the 6 classroom storied block at Kigezi College

It was reported that the project is slightly behind schedule. This was largely due to the fact that the long heavy rains coupled with the area being swampy reduced the speed at which the contractor was working. However, the beneficiaries were satisfied with the quality of civil works.

<u>Masaba Senior Secondary:</u>

Masaba Senior Secondary School is one of the traditional schools under rehabilitation during FY 2009/10. The school is located in Budadiri Town Council, in Budadiri East, in Sironko District.

Findings indicated that the school was handed over to SKMG Holdings Limited for rehabilitation in December 2009 for a contract period of one year. However by the time of monitoring on 08th June 2010, very little had been done and the civil works were moving on at a very slow pace. The headmaster had reservations but reported that the firm was behind schedule. The team observed that the firm had only 8 workers on site.

The only completed civil works were on the 7 classroom block. The old asbestos was removed and replaced with new pre-painted iron sheets. All the electrical works in all the classes were done. Internal re-plastering and outside rendering on the walls was done. The entire block was repainted. Works on the veranda and all the splash aprons were completed.

A storied classroom block that had stalled at plinth level at Masaba S.S.

A new block of science laboratories was constructed. By the time of monitoring it was at finishes level.

All other works under rehabilitation on the rest of the structures had either not started or had stalled at some level as at the time of monitoring. A storied block of two classrooms that started in mid-April had stalled at plinth level. 2 blocks of ablution for boys were roofed and works on the walls were not moving. Another block of ablution had been de-roofed to remove the asbestos and was awaiting to be re-roofed with new pre painted iron sheets. Civil works on the administration block, dining hall and on the library had not started. The head teacher expressed his disappointment regarding the pace at which civil works were moving as follows.

"These people need to be woken up. They are very slow, they bring materials in instalments, for example 20 bags of cement to such a site, materials get finished and they get redundant, there are only about 8 workers on site as we talk now, I do not know whether they will beat the deadline." HM Masaba S.S.

Sir Samuel Baker Secondary School:

Sir Samuel Baker Secondary School is found in Gulu District. This school is undergoing rehabilitation and expansion with funding from the Uganda-Belgium cooperation. Belgium contributed Euro 1.5million while Government of Uganda co-funded with Euro 0.5 million. The rehabilitation and expansion works are being undertaken by Rohi Services and Global Construction Company. On site 28 structures and a fence were being worked on. Civil works on all these structures were moving on simultaneously. The contractor was commended for the good quality of civil works and the pace up to that level.

Findings indicated that by the time of monitoring, six structures had been completed and handed over to Government of Uganda in a ceremony that was presided over by Hon Geradine Namirembe Bitamazire on 18th May 2010. The structures that were handed over included a dining hall, kitchen, technical drawing workshop, one new dormitory, a new 2 classroom block and P'Btek house.

The following section details the status of rehabilitation of the remaining structures as at the time of monitoring.

1. **Main Hall:** At the time of monitoring, demolition works on the old Main Hall were going on. The suspended slab, the gable beams, a timber floor and some walls were being demolished in order to replace them with new ones. The site supervisor reported that new columns would be introduced and new steel translucent roof would be put. Electrical and all plumbing works were to be re-done. The rehabilitation works on this structure would take 3-4 months to complete.

2. **Livingstone Hall 'O' level and Livingstone 'A' level dormitories**: Rehabilitation of these dormitories was almost complete. A new roof with new pre-painted iron sheets was put. Internal plastering and rendering of the walls was done. New windows and doors were put. New ceilings and electrical works had been completed. Works on the splash apron and the verandahs were done. As at the time of monitoring, the remaining works included working on the floors and internal painting.

3. **Grant Hall 'O'Level dormitory**: This dormitory was rehabilitated. A new roof with new pre-painted iron sheets was put. Internal plastering and rendering of the walls was done. New windows and doors were put. New ceilings and electrical works had been completed. Works on the splash apron and the verandah were done. As at the time of monitoring, the remaining works included working on the floor and internal painting.

4. **Grant Hall Annex**: This dormitory was rehabilitated and works were being finalised. A new roof with new pre-painted iron sheets was put. Internal and external plastering was done. New windows and doors were put. New ceiling and electrical works had been completed. Works on the splash apron and the verandah were done. Internal and external painting had partially been done. As at the time of monitoring, the remaining works included working on the floor.

5. **Burton Hall 'O' Level dormitory**: This dormitory was rehabilitated. A new roof with new pre-painted iron sheets was put. Internal plastering and rendering of the walls was done. New windows and doors were put. New ceilings and electrical works had been completed. Some rooms for the head prefects were created. Works on the splash apron and the verandah were going on at the time of monitoring. The external painting had partially been done. The remaining works included working on the floor and internal painting.

6. **Burton Hall 'A' Level dormitory**: The same civil works as on Burton hall 'O' level had been completed. A new water born toilet had been put but the water was not yet flowing.

7. **Dining and Kitchen**: The renovation works on the dining and kitchen included the following; both the dining and the kitchen have a new roof. The timber perlins and iron sheets were changed. The structure has 2 new windows and 3 new external doors. There is also one new internal door connecting to the kitchen. All the internal and external plastering was completed. Internal painting as well as electrical works and plumbing works for both structures were also completed. All the windows for the kitchen are new and glasses had been put. The floors for both the kitchen and dining were replaced.

8. **Bulky Food Store**: At the time of monitoring on 19th May 2010, civil works on the food store had not yet started.

9. Two new class room blocks each with 3 classrooms were completed. These were new constructions all together.

10. Renovation works on a 4-classroom block was completed. This block has a new roof. All the windows and doors are new. External and internal plastering was completed. Electrical works in the 4 classes was done. The block has a new ceiling in all the classes. The splash apron and the verandah were replaced. The floors for all the 4 classes had been replaced.

11. **Senior and Junior Laboratories**: By the time of monitoring only the replacement of the roofs and the ceilings had been completed. However, the other civil works were on going.

12. Two blocks each with 5 classrooms: Civil works were on going on each of these two blocks. By the time of monitoring the roofs and ceilings had been replaced. New windows and new doors had been fixed on both structures. The external and internal plastering, the splash aprons as well as the electrical works had been completed on both structures. It was only the floors and internal and external painting that were yet to be done on both structures.

13. **Underground electrical works**: Underground electrical works covering the entire school had been completed. This involved installing security lights around the entire campus that included the walk ways, classes, dormitories and the Dear Park.

14. **The Administration block**: By the time of monitoring, civil works on the administration block had not yet started.

15. **Technical Drawing workshop**: By the time of monitoring, renovation works on the technical drawing workshop had been completed. A new roof with new pre-painted iron sheets was put. Internal and external plastering was completed. New windows and doors were fixed. New ceilings and electrical works had been completed. Works on the splash apron and the veranda were done. Works on the floor as well as internal and external painting had been completed.

16. P'Btek House: This house has 3 units of dormitories. Renovation works for all of them were completed A new roof with new pre-painted iron sheets was put. Internal and external plastering was done. New windows and doors were fixed. New ceilings and electrical works were completed. Works on the splash apron and the verandah were done. Works on the floors as well as the internal and external painting had been completed.

17. **Speke 'O' Level and Speke 'A' Level Houses**: These dormitories were rehabilitated. A new roof with new pre-painted iron sheets was put for each. Internal and external plastering was complete. New windows and doors were put. New ceilings and electrical works had been completed. Works on the splash apron and the verandahs were done. As at the time of monitoring, the remaining works included working on the floors and internal painting.

18. **Stanley 'O' level and Stanley 'A' level Dormitories**: same works and on the same level as in Speke.
19. New Dormitory: This is a new construction and by the time of monitoring all the civil works was complete.

R-L Headteachers house and Deputy Headteachers House


20. **Deputy Head master's house**: Renovation of the house was fully complete. The renovation works included putting a new tiled roof.The old ceiling was also replaced. The old windows and doors were removed and replaced with new ones. The external and internal plastering was completed. The plumbing works, a new sewage system, electrical works as well as works on the floor were completed.

21. **Head master's house**: The same renovation works as on the Deputy HM's house were done on the HM's house and were completed.

22. **Fence:** The firm had started on the activity of putting a fence around the school. The fence was said to cover about 2.5 square kilometres. By the time of monitoring, 900 meters had been covered. The firm was also making the pre-cast fence poles for this activity on-site.

Seed Schools:

Five seed schools were monitored. Two of them (Bagezza Seed S.S and Mbarara Seed S.S. were new constructions and civil works were going on. The three others (Buweswa Seed S.S., Bugunzu Seed S.S. and Kidongole Seed S.S.) had been previously constructed. However, there were incomplete civil works by the different contractors. The details are summarized below:

<u>Bagezza Seed Secondary School</u>:

Bagezza Seed Secondary School is found in Lusaalira LCI, Kibalinga parish, Bagezza sub county, Buweekula county in Mubende District. This is one of the seed secondary schools for expansion with funding from ADB III during the FY 209/10. The contract for this school was awarded by MoES to Dott Services with Arch Design as the consultants for a contract period of one year. Civil works were reported to have started on 1st December 2009. By the time of monitoring on 28th June 2010 civil works were going on.

1. A 2 unit science laboratory was at roofing level.
2. 3 blocks each with 2 classrooms were at roofing level.
3. Construction of a four stance aqua-privy latrines with a shower for girls and for another 4 stances for boys were at excavation level. Works on the latrine stances for staff had not started.
4. An underground water tank that was at excavation level.
5. 2 housing units for staff were at plinth wall level. Each of the units has a sitting room, a bedroom and a store.
6. A girls' dormitory was at walling level.
7. Civil works on Pit latrines had not started.
8. A head master's house was at foundation level. It will have 2 bedrooms, sitting rooms and a cooking area.

The beneficiaries were satisfied with the quality of civil works.

Bugunzu Seed S.S.

Bugunzu Seed S.S. is located in Buwasa LCI, Bukimali parish, Buwasa Sub County in Sironko District.

Construction of this school started in October 2008. Civil works were undertaken by Spencon Construction Company. The school administration started using the new structures of the school in term II of 2009. The structures included an administration block (HM's office, Deputy HM's office, bursar's office, waiting room, staff room, book store, document centre), a science laboratory block for chemistry and biology, 2 blocks of 2 classes each, 3 stances of pit latrines with a washroom for girls, 4 stances of pit latrines with a urinal for boys, 2 stances of pit latrines with a wash room for staff. A gate man's house was also done. A 100,000 litre underground water tank and two 10,000 litre overhead water tanks for the laboratories were constructed.

The school was also supplied with a range of text books from MoES and ADB in various subjects. Furniture for the classrooms, offices, staffroom and stools for the science laboratories were all supplied.

A staff house with 2 units sub contracted by Spencon to another company is incomplete up to now. Some of the incomplete works on the house include the electrical wiring, fittings and connecting it to the grid, painting, working on the verandah and splash aprons, and putting glasses. The latrine and bathroom for the staff house were also not constructed.

The school has recently been connected to the electricity grid. However, the school administration complained that a single phase was installed instead of the 3-phase as per the designs and plan. They noted that the school did not get a transformer and this resulted in the low volgates, sometimes as low as 155.

The school administration also observed that works on the fence around the school were not completed. They also reported that the foot ball pitch was not well graded making the pitch water logged during the rainy seasons.

Buweswa Seed Secondary School:

Buweswa Seed Secondary School is located in Mufuufu village, in Buweswa parish,in Kaato Sub county, Bubulo county, Bududa district. This school was constructed under ADB III. Civil works, which were undertaken by SKMG Holdings Limited, started in 2007.

Construction of 2 classroom blocks each with two classes were all completed and are in use. Construction of an administration block together with 2 science laboratories (chemistry/biology and physics laboratories), were completed in term II of 2008. Twelve stances of pit latrines (i.e. 2 for staff, 4 for boys and 6 for girls) were also constructed and completed. These laboratories were equipped with a variety of science equipment. Walk ways connecting the different structures within campus were done. A football pitch was level and planted with grass. A Kiapple fence was put around the school. The quality of these civil works was good.

Findings further indicated that the school received all the furniture for the classes, administration block and for the science laboratories.[37] This school received a variety of books for science, mathematics and English from MoES.

A 100,000 litre underground water tank was also installed. However the manual water pump cannot pump water up wards because of the steep gradient. Three smaller tanks with capacity of 10,000 litres were provided and installed at the gable end of 3 structures.

The H/M showing the team the Teachers' house that was left incomplete by the contractor

During May 2010, the school was connected to the power grid. All school structures are now connected.

The only complaint at this school was that of the teachers' house. The contractor started on the house and abandoned it at walling level.

Kidongole Seed S.S.

Kidongole Seed S.S. is located in Kidongole village, Kidongole parish, Kidongole sub-county in Bukedea District.

This school is one seed school undergoing construction under the expansion programme of seed school funded by ADB III. Civil works were being undertaken by SKMG holdings limited and works started on 29th December 2009 for a contract period of one year. By the time of monitoring visit on 2nd June 2010 construction was going on.

[37] Furniture for the science laboratories included stools and working tables

Two blocks each with 2 classrooms had been roofed and were at finishes level. Shutters had been fixed. The remaining works on these blocks included internal plastering, outside rendering, flooring, works on the verandah, splash apron and painting.

A 2 unit science laboratory had been roofed. At the time of the monitoring visit, they were compacting the floor of this block with murram. Shutters were yet to be fixed. The remaining works on this block included internal and external plastering, flooring, works on the verandah, splash apron and painting.

Construction of a girls' dormitory was at plinth wall level. The dormitory is to accommodate 80 girls. There was an issue of positioning the latrine on the girls' side. This pit latrine was positioned 12 meters directly behind the dormitory. The DEO citing the health guidelines directed that it should be shifted to at least 30 meters on the gable end of the dormitory block instead of where it had been positioned. The site supervisor did not seem to agree with the stakeholders on this issue.

Construction of a teachers' semi-detached house and another house for the head teacher had not started at the time of monitoring visit on 2nd June 2010.

Another 3 classroom block at this school was left incomplete by NUSAF. The incomplete works on this block include the floor, plastering, painting, no shutters, works on the verandah and putting furniture for the classes. This structure is not in use.

Mbarara Seed Secondary School:

Mbarara Seed Secondary School is found in Kirembe Cell, Nyamityobora ward, Kakoba Division, Mbarara Municipality in Mbarara District. It is one of the seed secondary schools under expansion during the FY 2009/10. The expansion of this school was reported to be under ADB III project.

Findings indicated that the civil works for expansion started in December 2009. The works were being undertaken by Ambition Construction Company Limited of Kampala. The structures under construction were under different levels of construction as shown below:

1. Construction of a 6 classroom storied block was on-going. By the time of monitoring on 24th June 2010, the basic works for the ground floor were complete. A slab for the upper floor was being casted.
2. A 2 unit science laboratory had been roofed. They were beginning on fitting the shutters
3. A head teacher's house was at ring bim level. The house has 2 bed rooms with a sitting room.
4. A 2 unit teachers' house was also at ring bim level.

Six classroom storied block

5. Pit latrines were at roofing level. (4 stances for boys, 4 stances for girls, 2 stances for staff).

Recommendation:

MoES should ensure that:

- The contractor for Buweswa Seed Secondary School, SKMG Holdings Limited, completes the teachers'.
- A staff house with 2 units that was sub contracted by Spencon to another company at Bugunzu Seed Senior Secondary school is completed. All the incomplete civil works should be completed. These include the electrical wiring and fittings, painting, working on the veranda and splash aprons, putting glasses and connecting it to the grid. The latrine and bathroom for the staff house which were not done should also be constructed. MoES should also ensure that the installation and connection of the school to the electricity grid is done as per the agreed contract. MoES should also ensure that the contractor completes installing the entire fence around the school as agreed in the contract. The contractor should also ensure that water drains from the pitch during the rainy seasons.
- MoES should provide resources for completion of a 3 classroom block that was left incomplete at Kidongole Seed Senior Secondary School. This classroom block was constructed with funding from NUSAF. Completion of this block will provide the school with additional teaching and learning space.

Construction of USE schools:

Eleven USE schools were monitored during this monitoring activity. Findings indicated that all the USE schools visited received the reported funds. Construction was also going on and was at different stages of completion.

<u>Bukooli Senior Secondary:</u>

Bukooli Senior Secondary is located in Muyenga LC I, Ndifakulya parish, Bugiri Town Council, Bugiri District. This is one of the USE schools that received funds for construction of additional classes to accommodate the large number of USE students. The school received an initial release of Ushs 75 for construction of 4 classrooms in 2007. The classrooms were constructed however they were not completed due to inadequate funds. The Consolidated Progress Report for Q3 reported that MoES released an additional UShs 30m for completion of those structures.

Findings indicated that the reported funds were received on 27th February in 2010. Wangi General Enterprises (U) limited, the contractor who constructed the classroom block, was recalled to complete the project. Civil works were reported to have commenced in April 2010. By the time of monitoring the 4 classrooms were complete. A 10,000 litre water harvesting tank was also installed. A seven stance lined pit latrine with a urinal was being completed.

<u>Kabale Senior Secondary:</u>

Kabale Senior Secondary is located on Nyerere avenue, Nyabikone ward, Central division, Kabale municipality. This is one of the USE schools. This school has received UShs 135,000,000/= from Government of Uganda for construction of additional classrooms to accommodate the large USE student population. The school received an initial Ushs 75 m for construction of classrooms in 2008.

Due to shortage of space, the funds were used to start on foundation of a storied classroom block. MoES committed itself to complete the ground level of the structure. The first batch of funds was used to work on underground works, the plinth walls, the ground slab up to the walling. However, the slab for the middle level was not done.

The Q3 consolidated progress report indicated that MoES had completed the ground floor for Kabale S.S. The report notes that UShs 60m was released for this purpose. Findings from monitoring confirmed that the school received UShs 60,000,000/= in mid March 2010. However, findings showed that the ground floor is still incomplete. The head teacher reported that the additional funds were used to pay off all the debtors who supplied materials to the school during the initial phase of construction. He reported that the remaining part of the funds was used to buy max pans. The ground floor is not complete yet and cannot be used.

<u>Kakungube Senior Secondary School:</u>

Kakungube Senior Secondary School is located in Kakungube LC I, Kyannamugera parish, Nalutuntu sub county, Kassanda county in Mubende District. The Q3 Consolidated Progress Report indicates that MoES carried out emergency repairs at this school at a cost Ushs 25,000,000/=.

Findings from the monitoring visit confirmed that the school received the reported funds. The funds were used to complete a 3 classroom block that had been left at window level. Part of the funds was used to do internal and external plastering on another 3 classroom block. Both blocks have been affected by the storm of August 2008.

Kamod Senior Secondary:

Kamod Senior Secondary is a USE school found in Cental ward, Kamod parish, Bugondo Sub county, Kasilo County in Soroti District. Beginning July 1st2010, this school is now located within the new District of Serere. However all the implementation was done before Soroti District was split.

In April 2010, one of the classroom blocks at the school was hit by a storm that removed the whole roof. Following this emergency, the school administration requested MoES as well as all other stakeholders to assist in repairing the classroom block.

Repaired Block at Kamod SS

The consolidated progress report for Q3 reported that MoES carried out emergency repairs at Kamod S.S. at a cost of UShs 10m. Findings at the school indicated that reporting was correct. The classroom block has been repaired. However, the funds were not enough. Findings further indicated that parents and other well wishers that included the political leaders particularly the 2 Members of Parliament, Hon Elija Okupa, Hon Alice Alaso, and the LC III chairperson also mobilised funds that were used to complete the repair works.

Kyamate Senior Secondary:

Kyamate Senior Secondary is found in Kyamate cell, Kyamate ward, Ntungamo Town council, Ntungamo District. The Q3 Consolidated Quarterly Progress Report indicates that MoES released Ushs 44,404,000/= for completion of the administration block at this school.

Findings from the monitoring visit indicated that reported funds were received by the school. The school administration reported that out of the Ushs 44,404,000/=, Ushs 11,000,000/= was used to complete the administration block. The civil works included putting the floor, office furniture, electrical fittings, putting glasses, working on the verandah and the splash apron. All these were completed.

The head teacher reported that the balance on the school account was Ushs 33,000,000/=. He also observed that they had received permission from MoES to use these balances to start on the Main Hall for the school. The head teacher must be commended for the efficient use of the resources and for the good quality of works for the structures.

Mpanga Senior Secondary:

Mpanga Senior Secondary is one of the traditional schools for rehabilitation and expansion. The school is located in Fort Portal municipality. By the time of the monitoring visit, Dott services

Limited was undertaking the civil works. Civil works at this site started on 1st December 2009 and are expected to be completed within one year.

1. A multi purpose hall with a store and kitchen was at ring bim level. The kitchen has two stores and 2 offices for cooks.
2. A 2 unit science laboratory was a ring bim level.
3. A storied classroom block that will have 3 classrooms down and 3 classrooms on the upper floor was at casting the middle slab for first floor.

Science laboratory

<u>*Nkoma Senior Secondary School:*</u>

Nkoma S.S. is located in Sebei cell, Nabuyonga parish, Nothern Division, Mbale Municipality in Mbale District. This is a Universal Secondary Education (USE) school which has received funds from government for construction of additional classrooms to accommodate the large USE student population.

Findings indicated that the school has hitherto received UShs 135,000,000/= from Government of Uganda. The first instalment was UShs 75m received in September 2008 while the second instalment was UShs 60m received in March 2010. The funds were released directly into the school account.

Findings showed that construction of a 2 storied classroom block started on 16th April 2009. The structure will accommodate 9 classrooms (3 on the ground, 3 on the first floor and 3 on the second floor) on completion. It was reported that the MoES commitment is to complete the ground floor.

Storied classroom block

Civil works on the ground floor were in advanced stages. At the time of the monitoring visit, all works on the ground slab and all the walling for the ground floor had been completed. Works were going on the middle slab. The district engineering assistant closely supervised the civil works. The quality of the works and is very good.

<u>Pallisa Senior Secondary:</u>

Pallisa S.S. which is located in Kawucho 'A' village, Hospital ward; Pallisa Town Council in Pallisa District is a USE school that got funds for construction of additional classrooms from Government.

Findings indicated that the above school received the initial release of UShs 75m in 2008. This money was used to construct a 2 classroom block. This block was completed and is in use. In April 2010, this school received an additional UShs 73m.

Two classroom block at Palisa

The additional funds have been used to construct another 2 classroom block and a pit latrine of 3 stances. The civil works for both the classroom block and the pit latrine was contracted out to Ripako Limited of P.O.Box 204 Pallisa at a contract price of 72,500,000/=.

This figure also includes supplying furniture for the same classroom block. By the time of monitoring, the classroom had been roofed and was at finishes level. The beneficiaries were satisfied with the quality of civil works up to that level.

<u>Rubaare Senior Secondary:</u>

Rubaare Senior Secondary is a USE school found in Ntungamo District. According the Q3 Consolidated Progress Report, the school received UShs 72,395,720/= for completion of classroom block, science laboratory and administration block.

Findings from the monitoring visit confirmed that the school received the reported funds. At the time of the visit, civil works were going on mentioned structures as follows:

1. The 2 unit science laboratory was being plastered. Works on the ceiling, floor, work-tops and fitting the shutters were going on. The remaining works included putting the glasses and painting.
2. A 2 classroom block was almost complete. The remaining works included painting, putting the glasses and furniture.
3. Part of the funds was to furnish the library.

The quality of works was very good and there is value for money.

<u>Serere Secondary School:</u>

Serere Secondary is a USE school located in Airiamet cell, Osuguro parish, Olio sub county, Serere County, Soroti District. Beginning July 1st2010, this school is now located within the new District of Serere. However all the implementation was done before Soroti District was split.

During the FY 2007/08 the school received UShs 75m for construction of additional classrooms. The funds were credited to the school account on 12th November 2007. The funds were used to construct a 4 classroom block. The contractor used more money than available funds to complete the classroom block and was not fully paid at that time. So the block was locked for almost 2 years pending payments.

This FY 2009/10, MoES released UShs 42m to the school for completion of the mentioned block. Findings indicated the funds were credited to the school account on 11th March 2010. Following receipt of the funds, Attoti Contractors, was recalled and repaid his balances. By the time of monitoring he had also completed the remaining civil works on the building. All the furniture for the 4 classes was supplied. He also formally handed over the structure to the school administration on 5th July 2010. The school administration was awaiting an official handover ceremony by MoES.

Compensation of land for Entebbe Comprehensive S.S

Entebbe Comprehensive S.S. is located in Lugonjo-Nakiwogo LC I, Division B, Entebbe municipality, in Wakiso District. During FY 2009/10, MoES planned to pay compensation to squatters on the land belonging to this school. The land occupied by this school formally belonged to Entebbe Primary Teachers' College which was phased out during the re-structuring of 1999. The size of the land was estimated to be between 10-11 acres on plot 298-318 Kiwafu road.

It was reported that during FY 2008/09 MoES paid UShs 9,000,000/= being costs for surveying the land of the school. It was also reported that after surveying the land, Entebbe Comprehensive S.S. was supposed to retain and receive a land title of 4-5 acres and the rest of the land be allocated to Cavendish University. However, at the time of our monitoring on 18th June 2010 the school had no official communication from MoES regarding the size of the land retained.

Findings indicated that both the school administration and Board of Governors (BoGs) were not involved in the process of compensating the squatters. It was reported that the assessment of trees, crops and structures was based on Wakiso District compensation rates and the values of the *bibanja* were based on the market value of land. There was also a disturbance allowance of 5% calculated to arrive at the final compensation value for each squatter. The total value compensation was estimated to be UShs 603,898,108/= as of 20th February 2009.

The Q3 Consolidated Progress Report indicated that Ushs 303m as second tranche of land compensation the school was paid. However, it was not clear how much money MoES actually released as first tranche. It is also not clear how much was actually paid to each of the squatters. The BoGs and the school administration did not have any information on these figures. They did not know whether all the squatters had actually been paid.

3.2.5 Development of TVET:

The approved budget for Development of TVET (0971) for FY 2009/10 was UShs 4,500,000,000 Out of that UShs 4,481,974,300/= was released. The IFMS system indicates that at the end of the FY Ushs 4,479,439,011 had been spent. Ushs 2,432,793 was committed and UShs 102,496/= was unspent.

Four TVET institutions were monitored during this phase of monitoring. In 2 of the institutions civil were almost complete while in the other 2 works had not started. The findings are detailed in the following section.

Lumino Community Polytechnique:

Lumino Community Polytechique is situated along Majanji road, in Bulagi village, Lumino parish, Lumino Sub County, South Samia Bugwe, Busia District. The Q3 Progress Report from MoES indicated that the Institute received UShs 135m for construction of 2 classrooms and 2 workshops.

Findings from monitoring indicated that the institution received the reported funds on 1st March 2010. The administration of the institution advertised for construction of the 2 classrooms and the 2 workshops locally by placing posters at strategic notice boards and locations in the districts of Busia, Mbale, Bigiri and Tororo. Only 3 bidders responded to the adverts. One of them came after the expiry of the bid submission deadline and was therefore disqualified. The remaining two (i.e. St Mugagga and Bagwe Builders) were subjected to the normal evaluation procedures. In the end the committee recommended St. Mugagga Contractors as the best evaluated bidder to take the contract. St Mugagga contractors were awarded this contract and therefore mobilised materials and started construction.

In the meantime the loser, Bagwe Builders, was dissatisfied with the way the process was conducted and appealed to PPDA to intervene. PPDA therefore wrote to the Institution's administration requesting them to stop the construction process pending finalisation of their own investigations into this matter. By the time of the monitoring visit, all civil works had stopped.

Meanwhile before PPDA stopped the construction process, St. Muggaga Contractors produced a bank bond worth UShs 25m (i.e. 20%) and was given an advance payment worth that amount. The balances of the funds (i.e.110m) are all still on the institution's account.

Given the intervention from PPDA, it was clear that the institution was not going to use the funds before the end of the Financial Year. However, there was no evidence that the institution received permission of PS/ST to retain the funds on their account after the FY closed.

Nakaseke Polytechnique:

Nakaseke Polytechnique is a new institution which will be located just near Nakaseke District administration at Butalangu. It will be located within Butalangu village, in Butalangu parish. According to the Q3 Consolidated Progress from MoES, UShs 135m was released to this institution for construction of 2 classrooms and 2 workshops.

Findings from the field indicated that the above mentioned funds were received on the District consolidated account in May 2010. However, by the time of the monitoring visit on 4th June 2010, construction had not started. All the funds were still on the District consolidated account. The team was also informed that even the procurement process for this project had not been concluded. It was very clear that the district was not going to utilise the funds before the close of this FY. It was not clear whether the district had made arrangements to seek permission of PS/ST to retain the funds on the District consolidated account.

Ngugo Technical School:

Ngugo Technical School is found in Ngugo I LC I, in Ngugo parish, in Bugamba sub county, Rwampara county in Mbarara District. The Q3 Consolidated Progress Report indicates that MoES released UShs 28,775,400/= for procurement of assorted learning tools and equipment for the Technical School.

Findings from the monitoring visit confirmed that the Technical school received the reported funds. Findings further indicate that a number of tools and equipment for tropical agriculture were procured worth UShs 5,498,000/= These tools included, Knap sack sprayers (2), watering cans (30, pangas (20), secateurs (4), wire strainer (1), burdizzo (2), rubbering (2), elastrator (2), hot iron dehorner (1), drenching gun for goats (1), drenching gun for cattle (1), hot iron brander (1), milk can (1), milk bucket (1), trocca and cannular (2), adebeaker (1), ear tag applicator (1), ear notcher (1), delivery water pipe PVC (200 meters), manual water pump (1), hoove trimeer/hoove cutter (1), milk strainer (1), a strip cup (1) and an ox-plough (1). The monitoring team verified that these items were bough; and a number of tools were in use.

A number of tools/equipment for Tailoring/Cutting /Garment department worth Ushs 23,277,400/= were procured. They included the following: designing machine (1), zigzag sewing machine (1), charcoal flat iron (20), electrical flat iron (20), steam iron (3), tailors dummy (2), tracing wheel (4), needle threader (5), button hole cutting (5), wooden curves (20), seam opener/ripper (8), dressing mirro (4), dressing board (1), sleeve board (3), French curves (7), straight edge (40), hand needles (15), sewing machine needles (20 heads), Used treading straight sewing machine from Japan (20), hand used sewing machines from Japan (2), ward robe (2), cutting table (10), sewing tools (10), over locking machine (1). The monitoring team verified that these items were bought.

Findings further indicated that MoES transferred UShs 135,371,600/= to the Technical School for construction of a 2 classroom block and a twin workshop for Carpentry and Joinery (CJ); and Brick laying, Concrete and Practice (BCP)courses. These funds were received in October 2009. The contract for this work was undertaken by Rwakuko Construction and services limited at a contract sum of Ushs 135,213,600/=. By the time of the monitoring visit, both the 2 classroom block and the twin workshop were at finishes level.

St Joseph Kyarubingo Technical School:

Kyarubingo Technical School is found in Kyarubingo Cell, Bujomero parish, Buhanda sub county, Kitagwenda county in Kamwenge District. The Q3 Consolidated Progress Report indicateD that MoES released UShs 135,000,000/= for construction of 2 classrooms and a twin workshop.

Findings indicated that the Technical School received the reported funds. The contract for the works were awarded to VISA Multiplex based in Ibanda for a contract price of Ushs 135,000,000/=. By the time of monitoring on 30th June 2010, the 2-classroom block had been roofed and was finishes level. Internal and external plastering was complete. The shutters were being fixed. Remaining works included working on the verandahs, splash aprons and painting.

The CJ and BCP workshop was also at roofing level. They were going on to the finishes works. The beneficiaries were satisfied with the quality of works done up to that level.

Recommendation:

- MoES should follow up on the PPDA recommendations regarding the procurement at Lumino Community Polytechnique. MoES should take the necessary actions on the accounting officer if there is loss of funds to Government resulting from mishandling of the initial procurement process at this institution.

3.2.6 BTVET

The approved budget for Development of BTVET for FY 2009/10 was UShs 2,700,000,000/=. Out of that UShs 2,572,739,000/= was released. The IFMS system indicates that at the end of the FY Ushs 2,572,583,444/= was spent. Ushs 141,600/= was still committed and UShs 13,965/= was unspent.

Four BTVET institutions were monitored during this phase of monitoring. All the institutions under this vote function received their funds and works were either going-on or had been completed. The details are summarized below:

Kaliro Techincal Institute:

Kaliro Techical Institute is located in Bulondo-Bubongo LC I, Butege parish, Namugongo S/C, Bulamogi county in Kaliro District.

The approved budget for Kaliro Technical Institute was UShs 493,000,000/=. Out of the institution had received only Ushs 233,000,000/= by the time of the monitoring visit on 10th June 2010. According to the acting Principal the district received the balances in March and for some reason delayed to pass them on the Technical Institute. This delay to transfer the funds to the Institution's account affected the implementation process.

Motor Vehicle workshop

Findings indicated that the contract was awarded to Capital General Agencies at a contract sum of Ushs 498,080,865/=. A contract was signed on 24th March 2010 and civil works started during the first week of April.

Findings further indicated that the structures were under different stages of construction.

1. A girls' dormitory designed to accommodate 58 students was at ring bim level.
2. A boys' dormitory was at plinth wall level and they were starting on casting the slab.
3. A 2 classroom block was at plinth level
4. Another block of 2 classes was at excavation level.
5. The twin workshop for CJ and BCP was at plinth wall level.
6. The Motor Vehicle workshop was at ring bim level
7. Civil works had not started on all the pit latrines (i.e.2 stances for staff, 5 stances for girls and 5 stances for boys)

Madera Technical Institute:

Madera Technical Institute is found in Asinye Cell LCI, Madera Ward, Northern Division, Soroti Municipality, Soroti District. This Technical Institute is benefiting from construction with funding from the ADB. This contract was awarded to an Italian company, EDILIBONO Construction Company. This is a new site and the whole project is estimated to cost UShs 2.4bn. Civil works started in January 2010 and will go on for a contract period of one year.

1. The administration block was at roofing level. This block will house a number of administrative offices (i.e. Principal's office, Deputy Principal's office, a staff room, a computer laboratory). They were moving on to start the completion works.

2. Two dormitories, one for boys and another for girls, were also at roofing level. Each of these dormitories will have a capacity of 80 students. The two dormitories will also be equipped with beds.
3. A storied structure that will accommodate 7 workshops on the ground floor (i.e. Mechanical works, Fabrication, Building, Carpentry and Joinery, Plumbing, Tailoring and Electrical) and classrooms with offices on the first floor was at plinth wall level. It was reported that all the workshops and classrooms will be equipped with the necessary tools and furniture respectively. The books for the different technical courses will also be supplied.
4. Construction of a multi-purpose hall with a kitchen attached was at excavation level.

Namisindwa Technical School:

Namisindwa Technical School is found in Bupoto Sub county, Manafwa District. The Q3 Consolidated Progress Report from MoES indicated that Namisindwa Technical School received UShs 28,775,400/= for procurement of assorted learning tools and equipment. Findings from our monitoring indicated that the Institute received the reported funds in March 2010.

Findings further indicated that the procurement committee of the Institution procured a number of tools. The items procured are summarised in the table 3.2.7.

Table 3.2.7: Tools procured by Namisindwa TS

Item Procured	Number	Cost in UShs
Carpentry machine (wood working machine/combined surface thicknesser)	1	5,800,000/=
Photo copier (Cannon)	1	3,300,000/=
Computer set (Compaq) with an HP laser jet Printer (P 1505)	1	2,250,000/=
Brick laying tools	Many	??
Wood working machines (MQ4 42 M)	2	1,900,000/=
Brick laying machine (not yet delivered)	1	??

Source: Namisindwa T/S:

MoES should follow up on the full accountability of UShs 28,775,400/= because the figures above given to the monitoring team do not seem to add up to total sum of funds released.

Rugando Technical Insititute:

Rugando Technical Institute is found in Bushenyi LCI, Nyakabara parish, Rugando Sub county, Rwampara county in Mbarara District. The Q3 Consolidated Progress Report indicates MoES released Ushs 14,200,000/= to the institute for construction of a kitchen.

Findings from the monitoring visit indicated the reported funds were received by the institute. The funds were credited to the institute's bank account on 31st May 2010. The Principal reported that the kitchen had earlier been built by the institute borrowing from other sources internally. The kitchen also has an office for the caterer, a preparation room, a store and one room with a bed for whoever is on duty preparing the meals. The received funds have therefore been used to pay back the borrowed funds.

3.2.7 Development of Teacher Education:

The approved budget for Development of Teacher Education for FY 2009/10 was UShs 2,668,000,000/=. Out of that UShs 2,563,507,000/= was released. The IFMS system indicates that at the end of the FY all these funds had been spent.

Two Primary Teacher Colleges were monitored. There were a number of defects in Christ the King PTC in Gulu that have hitherto not been rectified. The details are summarized below:

Buhungiro PTC:

Buhungiro PTC is found in Buhungiro village, Burama LCI, Burama parish, Kashumba sub county, Bukanga county in Isingiro District. The Q3 Consolidated Progress Report indicated that MoES had released UShs 5,167,000/= to the PTC for completion of a library.

Findings from the monitoring visit indicated that the library was completed. The Principal reported that all the defects that had been identified had been rectified.

Christ the King PTC Gulu:

Christ the King PTC is one of the Primary Teachers' Colleges that received 2 classroom blocks during the FY 2008/09. Findings indicated that construction of this block was completed in early 2009. Civil works were done by Spider Construction Company. The classroom block is already being used.

The beneficiaries noted a number of defects that have hitherto not been rectified by the contractor. It was reported that termites are moving inside the walls of the new classroom block and had destroyed one of the notice boards inside the classrooms. This means that the contractors did not adequately apply the pesticides in the foundations of the block. Secondly the floors inside the classrooms are cracked and these cracks need to be fixed. The gutters for the 10,000 litre tanks which was fixed on-to the block collapsed, the drainage around the water was not well done as water stagnates, and the soak pit is blocked with mud.

Recommendation:

MoES should follow up on the Spider construction Company to rectify the identified defects on the classroom block at Christ the King PTC Gulu.

3.2.8 Presidential Pledges for FY 2009/10:

During FY 2009/10 Government provided UShs 10 bn for the implementation of the Presidential Pledges under the Education Sector. These pledges spread across the Primary, Secondary, BTVET, TVET and tertiary vote functions. MoES drew out a priority list of the institutions to be implemented during FY 2009/10. These funds were released to the respective districts accounts as SFG. The monitoring team sampled out activities in 16 districts to assess the progress of implementation of the Presidential Pledges for FY 2009/10.

Findings indicated all the districts ear-marked to receive funds for Presidential Pledges this FY actually received these funds. The progress of implementation in the sampled districts was at various stages. The details are summarized in the section below.

Primary Schools Constructed under the Presidential Pledges:

During financial year 2009/10 MoES prioritized a number of primary schools that were pledged to be constructed under the Presidential Pledges. The monitoring team sample out ten primary schools under this category. The details of each school are summarized below:

<u>Bakulumpagi Primary School:</u>

Bakulumpagi Primary School is found in Kasoso village, in Bulo sub county, Butambala County in Mpigi District. H.E pledged pledged Ushs 131,000,000/= for construction of 7 classrooms. MoES prioritized this school to be built during the FY 2009/10.

The district contracted Kimeze Technical Services limited. By the time of monitoring the progress of construction of the different structures was as follows:

1. A 2 classroom block with an office was at completion level. The block was roofed. All the internal and external plastering as well as installation of shutters had been completed.

2. A 3 classroom block was also at completion level. The block was roofed. Shutters were fixed. Internal and external plastering as well as flooring was complete. It was only painting remaining.
3. Another 2 classroom block was also at completion level.

The beneficiaries were happy with the quality of civil works done by the contractor.

Bunaiga Primary School:

Bunaiga Primary School is a UPE school found in Kaatumba zone LCI, Bunaiga parish, Kateebwa sub county, Bunyangabo County in Kabarole District. H.E the President pledged UShs 10,000,000/= for procurement of iron sheets and cement.

The school administration put in place a procurement committee that managed the funds. By the time of the monitoring visit on 29th June 2010, 200 iron sheets and 200 bags of cement for renovation of a 3 classroom block had been procured. The old 3 classroom block was also being de-roofed.

Buwama Primary School:

Buwama Primary School is found in Lubugumu village LCI, Lubugumu parish, Buwama sub county, Mawokota County in Mpigi District. The school was initially supposed to be constructed around Buwama and was later shifted to Lubugumu. H.E the President pledged Ushs 131,000,000/= for construction of 7 classrooms. MoES prioritized this school to be built during the FY 2009/10.

The district awarded the contract to Lusina Investments based in Mpigi. By the time of monitoring the progress of construction for the structures were as follows:

1. A 2 classroom block was at finishes level. It had been roofed and shutters had been fixed. Internal and external plastering was complete. They were working on the veranda and the floor. The remaining works included painting.
2. A 3 classroom block was also at the same level as the 2 classroom block above.
3. A 2 classroom block with and office and store was also at finishes level. It had been roofed and shutters were fixed. They were starting on the internal plastering. The remaining works included external plastering, working on the floor, the veranda, the splash apron and painting.

4. Works on the pit latrines were at excavation level. (i.e. 2 stances for staff and 4 stances for students).

Kalasa Primary School:

Kalasa Primary School is found in Kalasa-Katiiti LC I, in Kalasa parish, Makulubita sub county, Katikamu county, Luwero district. H.E the President pledged UShs 131,000,000/= for construction of 7 classes at Kalasa primary school. MoES prioritized this school to be built during FY 2009/10.

Civil works started in February 2010. By the time of the monitoring visit (4^{th} June 2010), one classroom block of 2 classes was at ring beam level, another 2 classroom block with offices was at walling level while the third classroom block of 3 classes was at foundation level. Two stances of pit latrine for staff and another 5 stances of pit latrines for pupils were also constructed. The contract for the civil works, awarded at the district level, was undertaken by Bakaseka Contruction Company. The beneficiaries were satisfied with the quality of civil works up to that level.

Kangavve Primary school:

This primary School is found in Kangave LC I, Kangave parish, Makulubita Sub county, Katikamu county, Luwero District. H.E the President pledged 7 classes at Kangavve primary school. MoES prioritized this school to be built during FY 2009/10 at a cost of UShs 131,000,000/=.

Findings indicated that civil works started in early December 2009. By the time of the monitoring visit a 2 classroom block was at finishes level. It had been roofed and all the doors and windows were fixed. Internal and external plastering was complete. Finishing works that were yet to be done included the floor, the verandah and the splash apron.

Another 2 classroom block with an office and store was also at finishes level. It had been roofed and windows were fixed. Internal and outside plastering was complete. Finishing works that were yet to be done included the doors, the floor, the verandah and the splash apron.

A 3 classroom block was at finishes level. It had been roofed and all the doors and windows were fixed. Internal plastering and outside rendering of the walls was complete. Finishing works that were yet to be done as on 4^{th} June 2010 included fixing the doors, working on the floor and the ramps, the verandah and the splash apron.

The contract for the civil works, awarded at the district level, was undertaken by Muganwa contractors limited. The beneficiaries were satisfied with the quality of civil works up to that level.

Kateebwa SDA Primary School:

Kateebwa SDA Primary School is a UPE school found in Kateebwa I LC I village, Kateebwa parish, Kateebwa sub county, Bunyangabu county in Kabarole district. H.E the President pledged Ushs 10,000,000/= for procurement of cement and iron sheets to this school. MoES prioritized this school to be worked on during FY 2009/10.

Findings indicated that the Kabarore district received funds for Presidential Pledge which were released to the district as SFG. However, there was a delay in transferring these funds to the school. It was reported that the funds were transferred to the school account on 29^{th} June 2010, one day to the end of the FY. Because of this delay the items had not been procured. All the funds were still on the school account.

At the time the monitoring visit the parents were mobilising themselves to collect stones and contribute bricks, timber and sand for the classroom block.

It is the view of the monitoring team that construction of this school should be taken up by MoES. The place is remote and the people are poor. Their contribution of bricks, sands and stones is a good gesture. But it is going to take them a very long time to put up this classroom block. One resident/parent expressed their plight in their following words:

"It can only be God's providence to have this project completed. Otherwise, for these people to contribute enough bricks, enough stones, enough sand, it will be a miracle, a real miracle...."

Kyamusisi Primary School:

Kyamusisi P/S is found in Kyamusisi LC 1, Kyamusisi/Kalama parish, in Bulera sub county of Mityana District. H.E the President pledged 7 classes at Kyamusisi primary school. MoES prioritized this school to be built during FY 2009/10 at a cost of UShs 131,000,000/=.

The District contracted the works to three different contractors (i.e Butamba General Traders, Sebbu General Merchandise and Winco).

At the time of monitoring on 20th Many 2010, a 2 classroom block with an office and store being constructed by Butambala General Traders was at roofing level.

Another 2 classroom block constructed by Sebbu General Merchandise was at ring bim level. A 3 classroom block constructed by Winco contractors was at slab level.

A 2 stance pit latrine for staff was at finishing level while a 5 stance pit latrine for students was at walling level. These two pit latrines were constructed by Sebbu General Merchandise.

All the contractors at this site were not using the batch box as per the guidelines from CMU-MoES. They were all using a wheel barrow as a unit of measure for mixing the materials.

Madera Boys Primary School:

Madera Boys Primary School is located in Asinye Cell LC I, Madera Ward, Northern Division, Soroti Municipality, Soroti District. H.E. pledged UShs 50m towards the completion of this primary school. This school is one of the schools earmarked for construction under the Presidential Pledges during FY 2009/10.

The district awarded the contract to Attoti contractors. By the time of monitoring on 7th June 2010, works were going on and nearing completion. Some changes were made under the renovations of the original 4 classroom block. One of the classrooms was partitioned to create a new HM's office, leaving 3 classrooms. Civil works on this block included putting a ring bim around the entire block, removing the old roof and replacing it with a new one, putting a provision for a verandah, re-plastering and rendering all the walls, working on the splash apron as well as painting the entire block.

Naluggi Primary School:

Naluggi Primary School is found in Naluggi LC I in Mityana district. H.E the President pledged UShs 131,000,000/= for construction of 7 classes at Naluggi primary school. MoES prioritized this school to be built during FY 2009/10.

The District contracted the works to two different contractors (i.e MJK contractors and Investment co ltd, Kiyinda C/W contractors). By the time of the monitoring visit, three classroom blocks were being constructed at this school.

A 2 classroom block constructed by MJK constructors and Investment Company limited was at ring beam level. Another 2 classroom block with a headmaster's office and store constructed by C/W contractors was at completion level. At the time of monitoring on 20th May 2010, this block was roofed, internal and external plastering was complete. The floors, verandah and splash aprons had also been done. It was only the painting that was remaining. The water tank stand had also been completed. This same contractor had completed construction of pit latrines (i.e. 2 stances for staff and 5 stances for pupils). Construction of the third block of 3 classrooms had not started.

Semuto Primary School:

Semuto Primary School is found in Church zone LCI, Semuto Town Council, Nakaseke District. H.E the President pledged 7 classes at Semuto primary school. MoES prioritized this school to be built during FY 2009/10 at a cost of UShs 131,000,000/=.

The district awarded a contract to Lwotowone Investments Company to construct the 7 classes. The contractor accepted the award and ferried materials to the site and started the classroom constructions. However, after this contactor had started civil works for the classrooms, the School Management Committee disagreed and instead wanted teachers' houses to be constructed. Due to this disagreement, construction was interrupted and works stalled. Findings also indicated the contractor had used own funds up to the level where the structures stalled. In addition there was no evidence that School Management Committee had received clearance from MoES to divert the funds from construction of 7 classrooms to teachers' houses.

Findings further indicated that a Senior Engineer from costruction management unit (CMU)-MoES made the following technical observations on the structures: The aggregates used were 75mm against the 12-20 mm required, the plinth wall for the 2 classroom block was too high and could easily fall and that the contractor did not level the ground well and that generally the works were not to the right specifications.

It is unlikely that these funds will be utilised before the close of the Financial Year.

Recommendation:

- The CAO of Nakaseke should follow the construction of the Presidential Pledge at Semuto P/S to ensure that it is fulfilled. The CAO should also follow up on the clearance from MoES to divert from the original objective of constructing 7 classes to teachers' houses at the school. He should also get clearance of PS/ST for retention of those funds on the district since the funds were for FY 2009/10.

Secondary Schools Constructed under the Presidential Pledges:

During financial year 2009/10 MoES prioritized a number of secondary schools that were to be constructed under the Presidential Pledges. The monitoring team sample out eleven senior secondary schools under this category to track the progress of implementation. Findings indicate that the respective districts received the funds and construction was at different stages of completion. However, findings also indicated that three districts (i.e Ntungamo, Isingiro, and Kabarole), delayed to transfer funds to the respective schools which delayed the implementation. In one case in Kiruhura district construction of Buremba S.S. had not started.

Since funds for construction of schools/institutions under Presidential Pledges in districts is released as SFG, some districts tend to think that all the SFG remitted funds are for their SFG projects. In many districts this has caused delays in transferring these funds to schools. MoES should therefore send clear information in time to districts that have construction of schools/institutions under Presidential Pledges. Districts should also transfer these funds to the respective schools/institutions quickly in order for these institutions to implement in time.

The details of each school are summarized below:

Aboke Girls:

Aboke Girls Secondary School is found in Apac district. H.E pledged a science laboratory valued at UShs 140,000,000/=. MoES prioritized this pledge to be implemented during the FY 2009/10.

At the time of monitoring (18thMay 2010), the district had transferred UShs 61,852,021/= to the school. These funds were received in two instalments of UShs 28,039,006/= received in November 2009 and UShs 33,813,015/=. As at the time of monitoring the balance of UShs 78,149,979/= had not been received.

Findings indicated that given the shortage of space, the school administration received authorization from MoES to change the initial designs of the structure. New designs of a storied structure were approved. In the new designs, the science laboratory block will occupy the ground floor while the upper floor will have 3 classrooms for 'A' level science students. The new designs of the structure were estimated to cost Ushs 267,965,800/=. Government will meet its obligation of 140m while the school finds alternative sources to complete the structure.

Findings indicated that the ground breaking to mark the start of civil works was held on 14th April 2010. The contract was awarded to Lijhor (U) Limited of Lira at a contract sum of UShs 140,000,000/=. This figure included all civil works up to the middle slab. The works were expected to be completed within 4 months.

The ground floor of the laboratory block under construction at Aboke Girls' S.S.

By the time of monitoring, civil works were in progress. Works on the plinth wall, the ground slab and the walling for the ground floor had been completed. The re-enforcement bars and columns had been done. A super structure was in place. Works on the middle slab was going on. The beneficiaries were happy with the quality of work done by this contractor.

Bukinda St. Paul Secondary School:

Bukinda St. Paul Secondary School is located in Nyakiharo LCI, Nyabirerema parish, Bukinda subcounty, Rukiga county, Kabale district. H.E. the President pledged construction of a multipurpose science block valued at UShs 80,000,000/= for this school. MoES prioritized the school to be worked on during FY 2009/10.

Findings from monitoring indicated that the school actually received 75,420,840/=. (i.e. Ushs 17,000,000/= received in Q1, Ushs 20,746,290/= received in Q3 and Ushs 37,674,550/= received in Q4). A balance of UShs 4,579,160/= was not received.

Findings further indicated that civil works started in February 2010 and were expected to be completed in April. The contract was awarded to Biben Engineering Works and contractors of Kampala to construct a 2 unit science laboratory with furniture at a contract sum of Ushs 70,394,000/= and Ushs 5,000,000/= for provision of a water harvesting system.

By the time of the monitoring visit on 21st July 2010 the 2 unit science block for physics and chemistry was roofed and was at finishes level. Finishing works were being undertaken. These included flooring, installing the work-tops, plumbing works and painting.

Findings further indicated that the contractor was intending to make an additional claim of Ushs 12,500,000/= for additional civil works undertaken which were not in the BoQs. These works included the cost of columns to support the structure given the nature of the site, the ramps as well as the depth of the foundation.

Because of the shortfall in the funds released to the school, administration had not advertised for the science kits.

The administration of the school was satisfied with the quality of works.

Buremba Senior Secondary School:

Buremba Senior Secondary School is located in Buremba LC I, Kijooha parish, Buremba sub county, Kazo county in Kiruhura District. H.E. the President pledged Ushs 278,250,000/=. The funds are for construction of a 2 unit science laboratory, two dormitories, 3 classroom with furniture, 8 stances of pit latrines, a water harvesting tank and procurement of science kits.

It took about 4 months to transfer these funds from the consolidated account of Mbarara District to Kiruhura District's consolidated account.

Findings further indicated that the initial scope of civil works had changed. MoES has cleared the school administration to use the funds initially intended for procurement of science kits and construction of the 2 dormitories to put up 3 teachers' quarters. On 18th May 2010, Kiruhura district administration instructed the school administration to open up a special account for the funds. Kiruhura district transferred these funds to the school account during the first week of June 2010.

It was also reported that the procurement process was handled by the District administration. By the time of the monitoring visit on 25th June 2010 the process had not been concluded. It was also not clear whether the district and school authorities received permission from PS/ST to retain the funds on the school account after the end of the financial year.

Isingiro Senior Secondary:

Isingiro Senior Secondary is found in Kabingo Central LCI, Kaharo parish, Kabingo Sub county, in Isingiro District. H.E the President pledged UShs 308,800,000/= for construction of 8 classrooms, a library and completion of science laboratories. MoES prioritised this school to be worked in during the FY 2009/10.

By the time of the monitoring visit on 23rd June 2010, the District had transferred to the school UShs 219,949,793/= . This money was transferred from the district consolidated account to the school in two installments. The initial transfer was UShs 146,679,985/= and the second transfer was UShs 73,269,808/= in early June. This means that there was a delay to transfer these funds to the school account.

Findings further indicated that the contract was awarded to Alpha-Gama Engineering Enterprises limited of Isingiro at a contract price 298,230,502/=. By the time of monitoring, civil works were going on.

1. A 2 classroom block was at roofing level.
2. A 3 classroom block was also at roofing level.
3. Another 3 classroom block was also at roofing level.
4. The library block was at walling level.
5. Works on the science laboratory had not started by the time of our monitoring visit.

It was observed that workers at this site were using the batch box as per the guidelines from CMU. The beneficiaries were satisfied with the quality of civil works.

Kamwenge Senior Secondary:

Kamwenge Senior Secondary is found in Kyabyoma cell, Kitunzi ward, Kamwenge Town Council in Kamwenge district. H.E. the President pledged UShs 232,000,000/= for construction of a 2-unit science labaratory, library, and 2-unit staff house at this school.

By the time of monitoring on 30th June 2010, the district had transferred only Ushs 218,172,360/= to the school. Out of that UShs 54,542,880/= was credited to the school account on 30th June 2010[38]. UShs Ushs 13,827,640/= was not received.

The school administration received clearance from PPDA to use a force account modality. A Ground breaking ceremony was held on 5th June 2010 and civil works started thereafter. A supervisor of works was recruited. By the time of monitoring visit the progress of civil works was as follows:

1. A library block was at slab level.
2. A 2 unit science laboratory block was at slab level.
3. Works on the 2 classroom block were at ground slab level
4. Works on the 4 unit staff house had not started.

Katalekammese Modern Secondary School:

Katalekammese Modern Secondary School is found in Kivumu LCI, Kivumu parish, Kito sub county, Nakaseke County, Nakaseke district. H.E the President pledged UShs 50m to this school for procurement of construction materials.

Findings indicated that this is a new construction as there was no secondary school in the sub county and there was nothing on ground at this site. Findings also indicated that the school had received three instalments totalling to 35,292,500/=[39] and was awaiting the final instalment from the district by the time of the monitoring visit.

Findings showed that the first instalment of UShs 10,530,000/= was used to clear the bush where the new school is being constructed. Part of it was used to construct pit latrines (4 stances for staff and 5 stances for students). The community mobilised an additional 2 million shillings to top up to complete this work. The second instalment of UShs 13,087,620/= was used to complete a 3 classroom block with a small office that the community had earlier-on started and which had stalled at window level. This structure was roofed and plastered but it was not fully completed. However, this structure is under use. Part of this instalment was also used to procure

[38] That means that UShs 54,542,880/= was credited to the school account on the last day of the Financial year.

[39] UShs 10,530,000/= (received on 13th October 2009), UShs 13,087,620/= (received on 5th February 2010) and UShs 11,774,880/= (received on 16th May 2010).

30 desks. The third instalment of UShs 11,774,880/= was used to start construction of a 4 classroom block. At the time of monitoring this block was at plinth wall level.

Given the difficult circumstances under which these people are operating, they have to be commended for making good use of the funds. The MoES should allocate more funds to this school to enable constructions to be completed.

Kibiito Senior Secondary:

Kibiito Senior Secondary is found in Kibiito LCI, Kibiito parish, Kibiito sub county, Bunyangabo county in Kabarole District. H.E the President pledged Ushs 100,000,000/= for construction of a 4 classroom block. MoES prioritized this school to be worked on during the FY 2009/10.

It was reported that the District delayed to transfer these funds to the school for reasons which were not very clear. While MoES disbursed these funds to the District in one release before December 2009, the funds were transferred to the school in two instalment of Ushs 50,000,000/= on 16th March 2010 and another Ushs 50,000,000/= on 25th May 2010. This delay in transferring these funds delayed implementation of this project.

A classroom block under construction at Kibiito S.S.

A contract for this project was awarded to Dazen Engineering Limited based in Fort Portal at a contract price of 90,164,200/=. A contract agreement was signed with them on 6th May 2010 to construct 4 classrooms and equip them with furniture. They were also to construct 5 stances of VIP latrine, for a contract period of 3 months.

By the time of the monitoring visit on 29th June 2010 civil works were going on. A 2 classroom block was at walling level. Another 2 classroom block was at slab level. The beneficiaries were satisfied with the quality of works up to that level.

Kinoni Community High School:

Kinoni Community High School is located in Ekinoni village LC I, Kasana parish, Kinoni sub county, Nyabusozi county in Kiruhura District. H.E. the President pledged UShs 284,450,000/= for construction of Kinoni Community High School. MoES prioritized this school to be worked on during the FY 2009/10.

The District awarded the contract to Woodfix Uganda Limited based in Mbarara. Civil works at this site started in May 2010. By the time of monitoring on 25th July 2010 the structures were at various stages as shown below:

1. An administration block, that has offices for the head teacher, deputy head teacher, a bursar and a staff room, was at ring bim level.
2. A 3 classroom block was at ring bim level.
3. A 3 classroom block was at walling level.
4. All the pit latrines were at excavation level (i.e. 2 stances for staff, 5 stances for boys and 5 stances for girls)

Nyamirama Seed S.S.

Nyamirama Seed S.S. is located in Mishenyi LCI, Ntungwa parish, Nyamirama sub county in Kannungu District. This school started in February 2009 and currently has 2 classes. H.E. the President pledged UShs 353,000,000/= for construction of a new secondary school in this place. MoES prioritised this school to be constructed during financial year 2009/10.

Construction of the school, which started in January 2010, was going on by the time of the monitoring visit. A number of structures were at different levels of completion.

Classroom block at Nyamirama SSS

1. A 3 classroom and a 2 classroom block were at roofing level
2. A 3 classroom block was ring bim level
3. A 2 unit science block , and an administration block with offices for the head master, deputy head master, a staffroom and a store was at roofing level

According to the chairman BoGs, the quality of civil works was commendable.

Rukoni Senior Secondary School:

Rukoni Senior Secondary School is found in Rukoni LCI village, Rukoni parish, Rukoni West Sub County, Ruhaama county, Ntungamo district. H.E the President pledged UShs 68,000,000/= for construction of a Multi Purpose Science laboratory. MoES prioritized this school to be worked on during FY 2009/10.

The head teacher reported that an official from MoES informed him that funds for his school were released to the District consolidated account in October 2009. However, whenever he contacted the District authorities about the funds they always told him that they were not aware. Therefore the District delayed to transfer these funds to the school for reasons that are not very clear.

Science Lab. at substructure

Even without the funds the head teacher was pragmatic. He formed the procurement committee and contracts committee and the committees did all their work. On 14th May 2010, a contract for a 2 unit science laboratory was awarded to Ms Mbikize Construction limited of Ntungamo at a contract sum of UShs 117,871,950/= Findings indicated that the District transferred the funds to the school account on the 15th June 2010, the eve of the ground breaking ceremony of the structure by the First Lady.

By the time of the monitoring visit on 22nd June 2010, the structure was at plinth wall level.

St.Paul, Biharwe High School:

The 3 classroom block with a hall and store that was roofed with funding from the Presidential Pledge.

St. Paul Biharwe High School is found in Rugarama LC I, Nyabuhama parish, Biharwe sub county, Kashari County in Mbarara District. H.E the President pledged UShs 5,000,000/= to the school to procure 200 iron sheets. MoES prioritized this pledge to during FY 2009/10.

Findings from the monitoring indicated that the school received the reported funds in December 2009. The funds were used to roof a block that has 3 classrooms, a main hall and a store. This block was roofed during Term I holidays. The structure is in use.

Recommendations:

- H.E. the President pledged UShs 50 m to Katalekammese Modern Secondary school in Nakaseke District. The school administration utilised the funds well to kick-start construction of a secondary school in this area. However, these funds have not been adequate. Given the difficult circumstances under which these people are operating, and the need of a secondary school in the sub county, MoES should take up construction of this school and allocate more funds for construction of a fully fledged secondary school in the area.
- Since funds for construction of schools/institutions under Presidential Pledges in Districts is released as SFG, districts tend to think that all the remitted funds are for the SFG projects. In many districts this has caused delays in transferring these funds to schools. MoES should therefore send clear information in time to districts about construction of schools/institutions under Presidential Pledges. Districts should also transfer these funds to the respective schools/institutions in time in order for these institutions to implement in time.

BTVET Institutions Constructed under the Presidential Pledges:

During financial year 2009/10 MoES prioritized a number of BTVET that were pledged to be constructed under the Presidential Pledges. The monitoring team sample out four under this category to track the progress of implementation. Findings indicate that the respective Districts received the funds and construction was at different stages of completion. The details of each institution are summarized below:

<u>Kasese Youth Community Polytechnic</u>

Kasese Youth Community Polytechnic is located in Rukoki LC I , Rukoki parish, Rukoki sub county, Busongora county, Kasese District. H.E. the President pledged UShs 384,000,000/= to construct a new community polytechnic.

Findings indicated that Kasese District received the funds for construction of the Presidential Pledge. By the time of our monitoring on 29thJune 2010, the contract for the works had been awarded to Mariam and Brothers Trading Company based in Kasese. However, construction had not started.

It was also not clear whether the district had received clearance from PS/ST to retain the funds had not been spent and the FY was ending the following day.

<u>Kitagwenda Technical School:</u>

Kitagwenda Technical School is found in Kiryanga village LCI, Ntara parish, Ntara sub county, Kitagwenda county in Kamwenge District. H.E the President pledged UShs 434,000,000/= for construction of this new Technical Institute.

Findings indicated that Kamwenge District received these funds for construction of a Presidential Pledge. The District awarded the contract to Kinombe-Nyaruzinga Construction Company. Civil works started on 28th April 2010. By the time of our monitoring visit works on a number of structures was going on as follows:

1. A boys’ and a girls’ dormitory each to house 56 students was at roofing level. .
2. A 2 classroom block was at slab level. They were starting on the walling.
3. A 2 classroom block and an administration block at roofing level. The administration block has offices for the principal, the deputy principal, the bursar, store, receptionists and a staffroom.
4. A twin workshop for BCP and CJ was at foundation level.
5. The Motor Vehicle workshop was at foundation level. The foundation trenches had been excavated but were not casted.

6. Works on the pit latrines had not yet started.

Findings indicated that there were items that were not included in the drawings but which were included in the BoQs. These included the columns for both walls and foundations for all the structures, the ground bims for all the structures, the concrete worktops in the dormitories and the BRC on the floor slab for all the structures. It was also reported that the roof tuss in the drawings was single. However, the supervisor of works instructed them to use double.

Recommendation

Construction Management Unit, in MOES should scrutinize the drawings before giving them to contractors.

Nakapiripirit Technical School:

Nakapiripirit Technical School is one of the Institutions under the Presidential Pledges that were constructed during last FY 2008/09. The Institution was allocated a total budget of UShs 334,500,000/=. The funds were intended for construction of 4 classrooms, 2 workshops and 2 dormitories.

Findings from monitoring indicated that construction at this institution was never complete. A 2 classroom block was left incomplete with no doors, windows, glasses; both internal and external plastering, the floor, the verandah and splash aprons were not done. It was not painted.

A dormitory block was also left incomplete with no doors, windows and glasses. Both the internal and external plastering, the floor, the verandah and splash aprons were not done. It was not painted.

There was another block either a classroom or a workshop. However, this block was not roofed. It was abandoned at roofing level.

Recommendation

MoES will have to follow up on the contractor who did not complete these civil works and take the necessary corrective measures. It is also worth noting that the defects liability period for this has expired.

Namutamba Demonstration:

Namutamba Demonstration School is found in Kiwanda LCI, Namutamba parish, Bulera sub county, Mityana District. This is one of the schools planned to be constructed under the Presidential Pledge during FY 2009/10.

Findings from the monitoring visit, showed that three classroom blocks were being constructed at this school. The District contracted the works to three different contractors (i.e MK contractors, Nakiduduma contractors and Naama Agro consultants). All the civil works at this site started in April 2010.

As at the time of our monitoring on 20th May 2010, a 3 classroom block constructed by MK contractors was at ring bim. Another 2 classroom block constructed by Nakiduduma contractors was at wall plate level. A third classroom block with 2 classes with an office and a store constructed by Naama Agro consultants was at window level.

3.2.9. Inspection Grant:

During the FY 2009/10, a total of UShs 2.5 billion was provided as Inspection Grant. This money was supposed to be used by the District Inspectorate Departments to supervise the teaching and learning environments in all schools. Each of the respective 91 districts had their respective approved IPFs.

During this monitoring officers from total of 26 districts were interviewed to find out their views on this grant during the course of this FY.

Findings indicated that the way the Inspection Grant was disbursement to all districts during the course of the FY 2009/10 had a lot of problems. Firstly all districts reported that while the disbursement was supposed to be quarterly, this was not the case. Almost all districts visited reported receiving the first instalment of the Inspection Grant at the end of April (i.e. at the end of Q3).[40] Funds for three quarters were released in one lump-sum to all districts. Many schools were closing at that time and some districts were unable to utilize the grant. Secondly even this instalment was only part of the total approved IPF. By the time of the monitoring visit, all the balances of this grant had not reached the district education accounts for the districts visited.

Some districts such as Oyam, reported that they had not received any Inspection funds this FY as on 18th May 2010 the date of monitoring despite fully accounting for all earlier inspection releases.

The disbursement of the Inspection Grant during FY 2009/2010 jeopardized the inspection operations for most districts in the country. Education departments in all districts were unable to carry out fully their planned inspection activities for terms II and III of 2009 as well as term I of 2010.

A few districts reported that some inspections were done by pegging the inspection activity to other programmes that had funds. In some districts such as Apac, inspection was only done with assistance of some development partners such as Save the Children who provided some fuel to the education departments.

[40] This was the case in Lira, Apac, Gulu, Nakapiripirit

Due to the poor disbursement of funds this FY, many districts reported that there only able to monitor the beginning of term II of 2010 and activities of Term III. All districts visited noted that even the balances of the Inspection Grant were going to delay yet the accountability for the same will be demanded immediately. An example was given by Gulu district where the final release of the grant for last FY 2008/09 was received on 23rd June 2009 seven days to the end of the FY.

3.3 ENERGY

3.3.1 Introduction

Main aims and objectives of the energy sector:

The *Ministerial Policy Statement* for the Ministry of Energy and Mineral Development (MEMD) (FY 09/10) identifies four key priorities for the energy sector over the medium term. These are:

- to increase electricity generation capacity and expansion of the transmission line network;
- to increase access to modern energy through rural electrification and renewable energy development;
- promotion and monitoring of petroleum exploration and development in order to achieve local production; and
- mineral investment promotion through the acquisition of geo-scientific data and capacity building[41].

The total approved budget for the Energy and Mineral Development sector (inclusive of donor project funding and excluding taxes and arrears) is UShs 699 billion for FY 09/10. This is a 51% increase in total budget on FY 08/09[42]. Of this, GoU expenditure (excluding taxes and arrears) totals UShs 350 billion.

Scope of the report:

The aim of this report is to assess whether expenditure in the energy sector achieves value for money: i.e. whether it is efficient and effective. The report will consider whether financial expenditure is commensurate with observed physical performance for development projects under vote functions 0301 (*Energy Planning, Management and Infrastructure Development*), 0302 (*Large Hydropower Infrastructure)* and 0303 (*Petroleum Exploration, Development and Production*); which together comprise 98% of GoU energy sector expenditure[43].

BMAU monitored progress in the energy sector during Q1, Q2 and Q3 of FY 09/10. This report updates progress at Q4 FY 09/10 as well as providing an assessment of annual performance for FY 09/10 (based on projects monitored by BMAU over the financial year). Table 3.1.1 gives an overview of projects and outputs monitored during FY 09/10 as well as giving a broad assessment of annual performance of outputs monitored.

Methodology:

[41] MEMD *Ministerial Policy Statement* 2009/10 (Kampala 2009)
[42] MoFPED *Medium Term Economic Framework* (Kampala 2009)

[43] Defined as total GoU expenditure before tax and arrears deductions are made

Efficiency and effectiveness of expenditure is assessed though comparison of reported financial and physical performance with that observed during field observations. In line with the output based budget structure, outputs reported in MEMD *Performance Contract Form A* are verified. Efficiency and effectiveness are defined here as follows:

- **Efficiency:** comprises allocative efficiency (proportion of expenditure on high and low priority areas) and operational efficiency (delivery at the lowest possible unit cost);
- **Effectiveness:** is the extent to which the intended goals are achieved. This report will consider the quality of: (i) project planning; (ii) service delivery; (iii) beneficiary satisfaction; and (iv) management and operation.

Financial data is sourced from the Integrated Financial Management System (IFMS) for GoU expenditure and from project profiles in the *Public Investment Plan*[44] for donor components. Prior to field visits potential outputs for monitoring are identified using the *Ministerial Policy Statement quarterly work plans*[45], Rural Electrification Agency (REA) work plans, and reported progress in *Performance Contract Form A*[46]. Detailed project contracts and progress documents are obtained from various sources including MEMD, REA, and Uganda Electricity Transmission Company (UETCL) colleagues. During field visits information is collected through interviews with officials on site; with local government officials; and with beneficiaries. Observations are compared with that of previous monitoring visits.

Limitations:

Capital development activities undertaken within the energy sector tend to be financed by donors or private sector investors. Many activities take the form of public-private partnerships (such as hydropower development or oil exploration) or public-donor partnerships (such as rural electrification projects implemented by REA).

The prevalence of public-private and public-donor partnerships in the energy sector has a number of implications for project monitoring:

- The majority of spending is not visible on the IFMS accounting system because it is donor or privately funded. This makes analysis of planned versus actual expenditure, absorptive capacity and operational efficiency problematic;
- Donors and private firms may be unable or unwilling to provide detailed financial information;
- Where projects are not implemented by government there may be limited scope for action when challenges and recommendations are identified.

In addition to the above, many of the activities implemented by REA and UETCL are not fully captured in *Performance Contract Form A* reporting. This means that MEMD progress reports do not fully capture the extent of ongoing works in the sector (despite their inclusion in the

[44] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)
[45] MEMD *Ministerial Policy Statement* 2009/10 (Kampala 2009)

[46] MEMD *Central Government Performance Contract Form A* (Kampala 2009

Ministerial Policy Statement). This issue will be discussed more fully as part of section 3.3.5 (key policy issues).

Table 3.3.1: Energy sector development projects: summary of annual performance based on BMAU monitoring activities FY 09/10

Financial information Q3FY 09/10	**Outputs monitored by BMAU**	**Locations monitored**	**Time of monitoring**	**Planned achievements (sector annual work plan)**	**Actual achievements (observed by BMAU)**	**Realisation of targets**
VF: 0301; Project 0325 Energy for Rural Transformation						
GoU Budget: UShs 2.2 bn. **Release**: UShs 1.15 bn. **Expenditure:** UShs 0.12 bn.	Energy Efficiency Promotion	Solar Panels in Schools monitored in (Kamuli, Bushenyi, Luwero)	Q2	*Not reported in work plan*	29 of 30 schools sampled had received solar panels.	*Not possible to assess target – but BMAU found scheme was popular with beneficiaries.*
	Renewable Energy Promotion	Gasifier technology monitored in (Kampala, Masindi)	Q1, Q2, Q4	Promote gasifier technology	The three gasifiers installed at public institutions are not functional.	Behind target – gasifier promotion not successful.
VF: 0301; Project 0940 Support to Thermal Generation						
GoU Budget: 174.5 bn. **Release:** UShs 105.6 bn. **Expenditure:** UShs 64.4 bn.	*Not monitored by BMAU.*	*n/a*	*n/a*	*Subsidise thermal power generation.*	*Not monitored by BMAU.*	*Performance Contract Form A reports that subsidies have been paid.*
VF: 0301; Project 0331 Rural Electrification						
GoU Budget: UShs 25.16 bn. **Release:** UShs 12.34 bn. **Expenditure:** UShs 8.47 bn.	Increased Rural Electrification	Transmission/ distribution infrastructure monitored in (Pader, Bundibugyo, Kasese, Kyenjojo, Iganga, Bugiri, Kaberamaido,	Q2, Q3, Q4	*Various transmission projects are reported in work plan but these do not fully reflect activities undertaken by REA.*	Transmission infrastructure financed by Sida is complete; schemes under JICA and PRDP finance are ongoing.	*Not possible to assess progress as targets were not accurately reported in sector work plans.*

		Tororo)				
		Small hydro-electric plants monitored in (Rukungiri, Kamwenge, Kanungu, Hoima, Paidha, Kasese)	Q1, Q2, Q3, Q4	*Hydropower facilities are not recorded in work plans.*	Bugoye and Kisiizi HEPs are complete. All others expect to complete by end of 2010.	
		UEDCL generators purchased in FY08/09 (Moyo, Adjumani, Moroto)	Q2, Q4	*This scheme is from FY08/09.*	UEDCL generators purchased and in operation.	
VF: 0301; Project 0999 Power Sector Development Operation						
GoU Budget: UShs 50.1 bn. **Release:** UShs 25 bn. **Expenditure:** UShs 0.07 bn.	Thermal and Small Hydro Power Generation	Mutundwe thermal plant (Kampala)	Q4	50 MW Mutundwe plant operational	Plant is in operation.	Target met.
	Energy Efficiency Promotion	Energy audits verified (Kampala)	Q4	Energy audits conducted in 120 schools, 6 universities, NWSC, 10 industries, 20 public buildings.	Evidence of audits observed.	Targets met.
VF: 0301; Project 1023 Promotion of Renewable Energy and Energy Efficiency Programme						
GoU Budget: UShs 0.21 bn. **Release**: UShs 0.16 bn. **Expenditure:** UShs 0.15 bn.	Renewable Energy Promotion	Institutional stoves (Luzira and Kauga prisons) Household stoves (Arua, Yumbe)	Q1, Q2	100000 improved household and 80 improved institutional stoves disseminated	BMAU sample size small but suggest target exceeded.	Targets met.

VF: 0301; Project 1024 Bujagali Interconnection Project						
GoU Budget: UShs 5 bn. **Release:** UShs 2.46 bn. **Expenditure:** UShs 0 bn.	Thermal and small hydro generation (UETCL)	Bujagali interconnection infrastructure (Jinja) Bujagali hydropower project (Jinja)	Q1, Q3	Construction of transmission infrastructure.	Construction of transmission is ongoing but behind schedule. Hydropower project now expected to complete April 2012.	Behind target - transmission infrastructure is behind schedule but should be complete in time for HEP commissioning.
VF 0301; Project 1025 Karuma Interconnection Project						
GoU Budget: UShs 0 **Release:** n/a **Expenditure:** n/a	Government Buildings and Service Delivery Infrastructure	Discussions with UETCL officials in Kampala as no works ongoing on site.	Q4	Feasibility study report on resettlement action plan (RAP) for Karuma Interconnection Project available.	Consultants awarded contract for feasibility study. Inception Report and Economic and Social Impact Assessment have been submitted.	Behind target – feasibility study is ongoing.
VF 0301; Project 1026 Mputa Interconnection Project						
GoU Budget: UShs 32.07 bn. **Release:** UShs 14.43 bn. **Expenditure:** 14.01 bn.	Thermal and small hydro generation (UETCL)	Discussions with UETCL officials in Kampala as no works ongoing on site.	Q4	Early Production Scheme activities; RAP Nkenda–Mbarara.	Early Production Scheme is undergoing feasibility study. RAP is ongoing; 57% of disclosures have been made.	Targets met.
VF 0302; Project 0985 Energy Fund						
GoU Budget: UShs 191.28 bn. **Release:** UShs 143.4 bn. **Expenditure:** UShs 143.4 bn.	Increased power generation – large scale hydro-electric	Discussions with UETCL officials in Kampala as no works ongoing on site.	Q4	Commence construction of Karuma power project; Complete feasibility study for Karuma and Isimba power projects.	Feasibility study for Karuma HEP has commenced; feasibility study for Isimba has commenced but financed outside of Energy Fund.	Behind target – feasibility studies are not complete.

VF 0303; Project 0985 Petroleum Exploration Promotion						
GoU Budget: UShs 8.6 bn. **Release:** UShs 5.9 bn. **Expenditure:** UShs 3.7 bn.	Capacity Building for the Oil and Gas sector	PEPD offices (Entebbe); Albertine Graben.	Q3, Q4	National expertise for the oil and gas developed; Creation of new institutions. Commencement of petroleum production, refining and utilisation.	Expertise developed; development of institutions awaiting approval of the Petroleum Bill; exploration and well testing is ongoing.	Capacity building targets met. Other targets dependent on approval of Petroleum Bill and progress of private sector developers.

Source: IFMS 2010; MEMD 2009; Fieldwork observations.

3.3.2 Energy Planning, Management and Infrastructure Development

Vote Function 0301:

Vote function 0301 receives 72% of the total energy sector budget (GoU plus donor). Its strategic objectives are: (i) to review and put in place modern policies; (ii) to increase the energy mix and to promote and co-invest in new generation and transmission; (iii) to facilitate private sector participation and capital inflow; (iv) to promote rural electrification; (v) to carry out training and capacity building; (vi) to carry out energy audits and consumer awareness; and (vii) to promote and regulate atomic energy[47].

(a) <u>Project (0325) Energy for Rural Transformation</u>

Background:

Energy for Rural Transformation (ERT) is a two phase project designed to develop Uganda's rural energy and information/communication technology sector, so that they make a significant contribution to bringing about rural transformation[48]. Phase I of ERT took place from 2002 to 2009, with a total expenditure of approximately $200 million[49]. Phase II of ERT was due to begin implementation during FY 09/10 but activities are still in planning stage.

The *Public Investment Plan* states that planned expenditure for project 0325 over June 2009 to June 2013 is US$100 million[50]. GoU approved budget for project 0325 for FY 09/10 was UShs 2.2 billion, which represents approximately 0.75% of total GoU expenditure for the vote function, and approximately 0.44% of total GoU expenditure in the energy sector as a whole.

BMAU has provided a full impact evaluation of ERT phase I elsewhere[51] and so a value for money assessment is not made here. However, during FY 09/10, BMAU provided in depth analysis of following outputs under ERT phase I:

(i) Output 030102: Energy Efficiency Promotion: *solar panel installation in schools component* (Q2)

(ii) Output 030103: Renewable Energy Promotion: *gasifier technology component* (Q1, Q2, Q4)

Financial performance:

Planning activities of phase II of ERT commenced in December 2009. As shown in figures 3.3.1 and 3.3.2, release and expenditure for the project were low up to Q3 FY 09/10 because physical implementation of activities has yet to commence. Approved GoU budget for FY 09/10 was

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[47] MEMD *Ministerial Policy Statement 2009/10*, (Kampala 2009) 43
[48] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 298
[49] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009) 47

[50] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 298

[51] Ibid.

approximately UShs 2.2 billion. By March 2010 (Q3), 52% of approved budget had been released and 10% of released funds had been spent. In sum, only 5% of approved budget had been spent by Q3.

Of expenditure to March 2010, 40% was on 'Contract Staff Salaries'; 17% was on 'Staff Training'; 15% was on 'Allowances'; 11% was on 'Travel Inland'. The remaining 17% was on other line items. The recurrent nature of the project expenditure reflects the fact that capital expenditure on ERT will be largely sourced from donor funds.

Figure 3.3.1

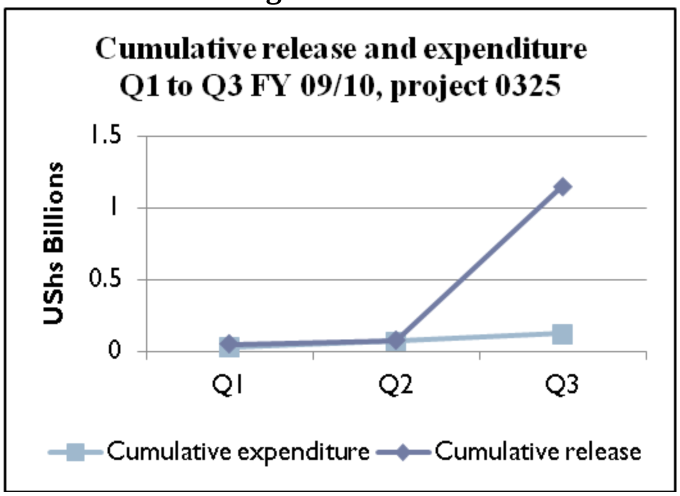
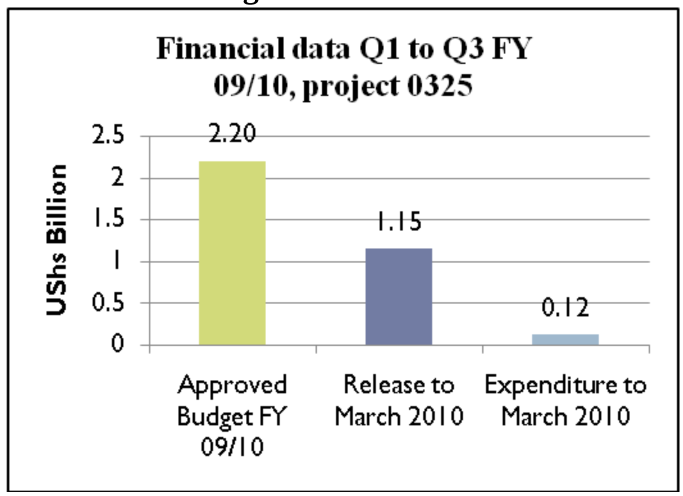


Figure 3.3.2



Source: MoFPED 2010

Physical performance:

Phase I of ERT was implemented from July 2002 to February 2009, after receiving a two years and eight months extension. According to the ERT phase I completion report, the major achievements were: (i) increased access to rural electricity from 3% to about 6%; (ii) installation of 371,975 watt peaks geared towards improved service delivery in water, health and education sectors; (iii) supported installation of over 1,100,000 watt peaks through the private sector; (iv) increased renewable generation capacity of over 15MW; and (v) a 30MW reduction in peak demand from the National Grid[52].

BMAU has provided a full impact evaluation of ERT phase I elsewhere[53] and so the above achievements have not been verified within BMAU quarterly reporting. Quarterly monitoring reports did however provide in-depth analysis of the solar installation in schools, and gasifier technology components. Findings are detailed below.

[52] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009), ix

[53] Ibid.

The second phase of ERT commenced in FY 09/10. Currently activities are in planning stage and so BMAU quarterly monitoring has as yet been unable to verify physical progress against the funds expended during FY 09/10.

(i) Output 030102: Energy Efficiency Promotion: *solar panel installation in schools component*(Q2)

BMAU monitored the education component of ERT phase I during Q2 of FY 09/10. The objective of this component is: "to improve the quality of education in ten districts by providing access to energy and ICT through the private sector to post-primary education facilities including the staff houses."[54] During Q2, BMAU sampled thirty five schools in three districts (Luwero, Kamuli and Bushenyi). Key findings are detailed in table 3.3.2.

Table 3.3.2 Observed physical performance of solar technology in schools

Planned expenditure	Actual expenditure	Planned outputs	Progress monitored Q2 FY 09/10
Planned total expenditure for 'cross sectoral energy' under ERT phase I = $12.44m (as per budget in 2001) Planned expenditure on capital costs of education component of solar PV systems = $2-2.5m	*This information was not available from either MEMD or MOES*	Installation of technology in 129 schools	1 of the 35 schools sampled had not had the technology installed[55]

Source: World Bank (2001); MEMD (2009); fieldwork observations

The majority of schools visited reported a positive experience with the scheme. Schools received between one and thirteen solar panels; plus batteries, wiring, light bulbs, and sockets. Installation took place between February and October 2009.

Challenges identified were:

- The scheme objectives state that lighting should be provided for staff housing. This had not been implemented in any of the schools visited.

[54] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009)

[55] Kkubo SS, Luwero district

- The evaluation report for phase I of ERT states, “The institutions are willing to meet the maintenance costs such as replacement of broken bulbs”[56]. This was not consistent with the BMAU interview findings: most schools find it difficult or impossible to cover maintenance costs themselves. The schools sampled were remote and raised limited funds from school fees.

(ii) Output 030302: Renewable Energy Promotion: *gasifier technology component* (Q1, Q2, Q4)

Gasifier generators have been installed at three government institutions (Kyambogo University, Kings College Buddo and Nyabyeya Forestry College). BMAU visited Kyambogo University and Kings College Buddo in Q1, Q2 and Q4 and Nyabyeya College in Q4. Previous field visits found that works were more than three years behind schedule and that gasifiers were not in use. Table 3.3.3 gives findings from Q4 monitoring.

MEMD were unable to provide a detailed breakdown of the financial performance of this scheme. Officials from MEMD reported that the total cost of electro-mechanical equipment and the gasifiers themselves was $250,000 in total.

Table 3.3.3: Observed physical performance of gasifier installations

Cost of works	Planned output	Observed physical performance, Q4 FY 09/10
Kings College (Buddo, Kampala)		
Not available. Cost of civil works estimated at UShs 45 million.	Gasifier installed in kitchen area for cooking purposes.	The gasifier was not in operation and no progress had been made since the previous BMAU visit in Q2 FY 09/10. The gasifier machine has been installed but the electronic components have not been connected. The machine needs a three-phase electricity connection in order to work, which MEMD have asked the school to fund. The school have not been provided with evidence to show that an investment in a three –phase will be cost effective. The gasifier will require grid electricity as well as wood for fuel, and so running costs are likely to be high.

[56] MEMD *Energy for Rural Transformation Phase I Implementation Completion Report* (Kampala August 2009) XV

		The gasifier is designed to boil water in two cooking pots in the kitchen area. Kings College is currently using seven energy saving stoves for the purposes of cooking. Members of the school staff reported that the existing stoves cook food cheaply and cleanly and so they do not think the gasifier cooker will be useful even if it is completed.
Kyambogo University (Kampala)		
Not available. Cost of civil works estimated at UShs 45 million.	Gasifier installed in Mechanical Department to power workshop machinery ad to be used as a teaching aid in biogas technology.	The gasifier was not in operation and no progress had been made since the previous BMAU visit in Q2 FY 09/10. The gasifier machine has been installed but MEMD are yet to commission and hand over the equipment. The Mechanical Department tested the gasifer with a team from MEMD but it failed to work correctly. The Department are now keen to test the gasifer again and begin operations but MEMD have not commissioned the machinery and so they are legally constrained. In the future, the Department would like to replicate the technology and produce gasifiers for commercial sale.
Nyabyeya Forestry College (Masindi)		
Not available. Cost of civil works estimated at UShs 190 million.	Two gasifier machines installed in biomass education department.	The gasifiers at Nyabyeya are designed to use waste materials from forestry activities to provide cheap electricity to the college and to be used as a teaching aid in biogas technology. Generation capacity will also be sufficient to provide electricity to four trading centres located nearby. The gasifiers are not in operation. Two gasifier machines (100KW and 50KW capacity) were delivered to Nyabyeya in November 2007 and were kept in storage until March 2009 when civil works construction began. The building that should house the gasifiers has been constructed at half the required size and the walls have not been

		completed (see photographs below). The works are also of poor quality. In order to install the gasifiers, the existing building needs to be extended to proper size, walls need to be completed and poor quality concrete works in the water cooling area need to be improved. In order for the gasifiers to function, electrical installation needs to take place, faulty turbines on the generators need to be replaced and exhaust pipes need to be installed. To provide power for the college, a power line is needed to connect the gasifiers to the switch board room (around 300 metres of cable). Additional cables will need to be constructed to provide power to the local communities.

Source: cost figures from MEMD officials; fieldwork observations.

BMAU has previously recommended that a value for money assessment of gasifier technology take place (see Q2 monitoring report). Official communication from MEMD indicated that such a review would take place before gasifiers are implemented as part of ERT phase II.

Challenges:

- None of the gasifiers are currently functional and staff at all three institutions were dissatisfied with the way in which MEMD have managed this scheme. The amount of additional work needed to successfully complete the gasifer schemes is not large and BMAU suggests that MEMD accelerate completion of works in order to improve its reputation amongst the beneficiaries.

Nyabyeya Forestry College: incomplete walls and wood storage areas (left); building not wide enough for the machines (middle); concrete works in water cooling area are not waterproof (right)

(b) <u>Project (0331) Rural Electrification</u>

Background:

The objective of this project is: *"[to] improve the rural quality of life and facilitate significant rural non- farm income by accelerating main grid extension based rural electrification with a tentative target of contributing to increasing rural electricity access from about 1% in 2000 to about 10% ten years later"*[57].The project started in 2000 and is expected to complete in 2010. Total budget over 2000-2010 is US$ 22 million[58]. GoU approved budget for FY 09/10 was UShs 25.2 billion, which represents approximately 8.5% of total GoU expenditure for the vote function, and approximately 5% of total GoU expenditure in the energy sector.

Much of the expenditure under 0331 is implemented by the Rural Electrification Agency (REA), which receives funding for capital investments from donors including the World Bank, Japan International Cooperation Agency (JICA), and Swedish International Development Agency (Sida).

Outputs monitored during FY 09/10 under Rural Electrification were as follows:

(i) **Output 030104: Increased Rural Electrification: *rural electrification schemes under Sida funding component* (Q2, Q3, Q4)**

(ii) **Output 030104: Increased Rural Electrification: *rural electrification schemes under JICA funding component* (Q4)**

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[57] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)

[58] Ibid.

(iii) **Output 030104: Increased Rural Electrification:** ***rural electrification schemes under PRDP funding component*** **(Q4)**

(iv) **Output 030104: Increased Rural Electrification:** ***grid extension at [Kasese-Lhubiriha] component*** **(Q2, Q4)**

(v) **Output 030104: Increased Rural Electrification:** ***small and micro hydropower developments component*** **(Q1, Q2, Q3, Q4)**

(vi) **Output 030104: Increased Rural Electrification:** ***generator purchase for UEDCL 'off grids' component from FY08/09*** **(Q2, Q4)**

Financial performance:

Figures 3.3.3 and 3.3.4 summarise the financial performance of Rural Electrification to Q3 FY09/10. For project 0331 for FY 09/10, 49% of approved funds were released from July 2009 to end March 2010. Of the released funds, 68%were absorbed during the period.

Output 030104 'Increased Rural Electrification' received 98% of expenditure on project 0331 BY March 2010. Expenditure on output 030104 is used for GoU contribution to schemes implemented by REA. Within project 0331, 88% of expenditure was on line item 'General Supply of Goods and Services'; 9% was on 'Tax Refund'; 2% was on 'Transport Equipment' and 1% was on 'Fuels, Lubricants and Oil'.

Figure 3.3.3

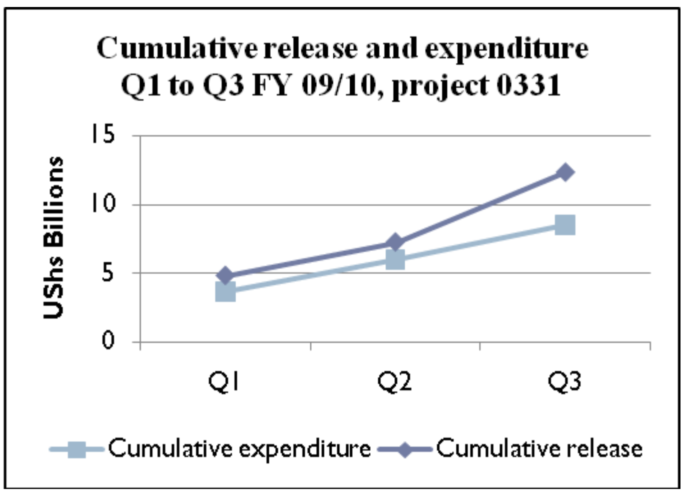
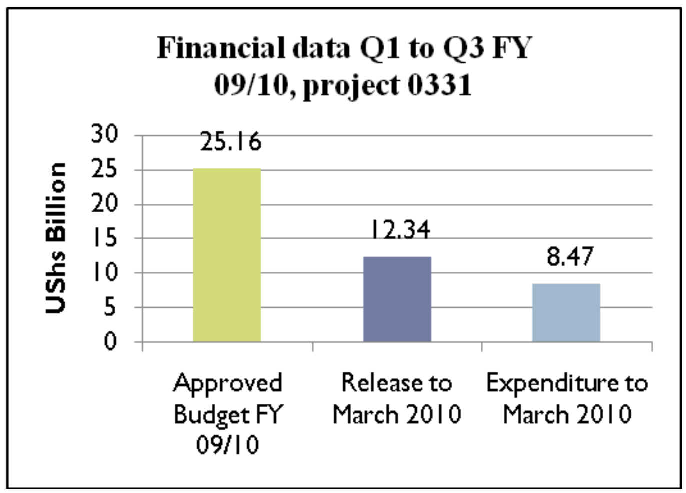


Figure 3.3.4



Source: MoFPED 2010

Physical performance:

(i) **Output 030104: Increased Rural Electrification:** ***rural electrification schemes under Sida financing component*****(Q2, Q3, Q4)**

GoU has received a grant of approximately UD$ 10.2 million[59] from Sida to support various rural electrification projects in the districts of Pader, Abim, Bundibugyo, Kyenjojo and Bugiri[60]. Responsibility for implementation of these projects lies with REA.

As part of this grant, Sida provided financial and practical support during infrastructure construction and capacity building of local operators at the following grid extension projects: [Fort-Portal- Bundibugyo-Nyahuka]; [Rugombe – Kyenjojo]; [Namayemba – Namuntere]; and [Corner Kilak – Pader – Abim]. These projects involve: (i) the construction of high voltage (HV) transmission lines and associated low voltage (LV) distribution networks; (ii) capacity building and subsequent hand over of low voltage network to a local operator; and (iii) supply of pre-pay electricity metres and subsidised connection fee for new customers.

Table 3.3.4 details observed physical performance of Sida financed rural electrification schemes, based on monitoring activities during Q3 and Q4. Schemes were identified using the REA 2009/10 work plan as only the [Corner-Kilak – Pader – Abim] scheme was included in *Performance Contract Form A* reporting.

Table 3.3.4: Physical performance Sida financed rural electrification projects

Approved cost of works	Planned output	Observed physical performance – most recent visit
Corner Kilak –Pader – Abim*(Pader/Abim) – Q3 FY 09/10*		
US$ 4.7 million	130 Km HV power line 40 Km LV power line 34 transformers	Works were contracted to Ferdsult Engineering and completed during 2009. HV network is in place although the Board of Trustees expressed concern that the line does not extend as far as planned. LV network is in place but in places design maps poorly to distribution of population. The contractor did not complete customer connections. 27 transformers installed; one is not functional.
	Capacity building of 'PACMECS' energy cooperative; subsidised connection of 1167 members.	Capacity building of PACMECS was completed. 1354 members, 119 customers connected (3rd March 2010)
Fort-Portal- Bundibugyo-Nyahuka*(Bundibugyo)– Q3 FY 09/10*		
US$ 3.8 million	98 Km HV power line	Works contracted to Ferdsult Engineering during 2009.

[59] 74 million Swedish Kroner

[60] Rural Electrification Agency *Cooperation between the energy sector and the Swedish International Development Agency (Sida); Annual progress report* (Kampala, January 2010)

	31 Km LV power line 15 transformers at 8 load centres Capacity building of 'BECS' energy cooperative; subsidised connection of 730 one-phase connections and 110 three-phase connections.	HV network is in place. LV is in place but in places design maps poorly to distribution of population. Insufficient materials were supplied for customer connections. Transformers are in place and functional. Capacity building of BECS completed. 1132 members, 553 connected customers (10th March 2010)
Rugombe – Kyenjojo *(Kyenjojo) – Q4 FY 09/10*		
US$ 1.9 million	45 Km HV power line 13 Km LV power line 11 transformers at 6 load centres. Handover of operations to Ferdsult Engineering (no capacity building) Subsidised connection of 500 one-phase customers.	Works were contracted to Ferdsult Engineering and took place between December 2008 and April 2009. Infrastructure has been constructed according to specifications. Operations are managed by Ferdsult Engineering who began connecting customers in June 2009. Subsidy was provided for initial 500 one-phase customers. 565 connected customers, 12 of which have three-phase connections (18th May 2010)
Namayemba – Namuntere *(Bugiri)- Q4FY 09/10*		
US$ 0.8 million	30 Km HV power line 13 Km LV power line 5 transformers at 4 load centres. Handover of operations to Umeme Limited. No provision for capacity building or connection subsidies.	Works were contracted to Ferdsult Engineering and took place between September 2008 and March 2009. Infrastructure has been constructed according to specifications although the Umeme manager expressed concern with the technical design. The insulators are considered to be of inferior quality and have caused a number of system failures. Umeme also noted that the HV line is too long without an intervening sub-station, meaning that when break downs occur the entire line is affected. Interviews with beneficiaries at Namuntere, Muwayo, Butema and Namayemba trading centres found that customers were dissatisfied with the unreliable service. No provisions were made for connection subsidies. Approximately 100 customers had been connected by 2nd June 2010.

Source: fieldwork observations; Sida 2009.

Challenges:

- Challenges faced by the cooperative organisations in Pader and Bundibugyo were outlined in BMAU's Q3 monitoring report. In summary, the Q3 report recommended that REA consider the offer of additional support to the organisations – which were shown to be doing good work in the face of capacity and funding constraints. In particular, REA could consider donating a vehicle or additional vending machine to the cooperative operators.

- Q4 monitoring suggests that private operators also face difficulties in connecting people to distribution networks. In Kyenjojo, 500 one-phase customers were connected in six months (June to November 2009) when the subsidy was in place. During the six months from November to May when the subsidy no longer applied, only 53 new one-phase customers were connected. The Ferdsult area manager reported that the regional network would not be profitable with the current number of connections if it were not for one large three-phase consumer that was bringing in significant revenue.

- Whilst community sensitisation was taking place at the Pader and Bundibugyo cooperatives (both employ a community liaisons officer) similar activities were not ongoing at the private operators - due to lack of funds for these activities. Poor community sensitisation may be a contributory factor to the low levels of new connections that have occurred amongst non-subsidised customers.

(ii) Output 030104: Increased Rural Electrification: *rural electrification schemes under JICA financing component* (Q4)

Funds have been provided by JICA to support rural electrification infrastructure projects in Iganga, Bugiri, Kibaale, and Masaka districts. Responsibility for implementation of these projects lies with REA. Unlike the Sida schemes outlined above, no provision was made for subsidy of the connection fee for new customers. Table 3.3.5 summarises findings from field monitoring in Q4 FY/0910.

Schemes were identified using the REA 2009/10 work plan as they were not reported in *Performance Contract Form A.*

Table 3.3.5: Physical performance JICA funded rural electrification projects

Contract amount	Planned output	Observed physical performance - Q4 FY 09/10

Nabitende–Itanda *(Iganga)*- *Q4FY 09/10*		
UShs 1.80 billion	30 Km HV power line *Information on LV not provided by REA;* 18 transformers at 10 load centres. Operation handed to Umeme Limited.	Umeme management in Iganga reported that construction works were ongoing by Ferdsult Engineering. HV power lines have been completed but works are yet to begin on the LV network. Target commissioning date is not known. Umeme expressed concern that they had not been consulted during the design and implementation process for this scheme.
Bugeso–Iwemba*(Bugiri)*- *Q4FY 09/10*		
UShs 1.17 billion	25 Km HV power line *Information on LV not provided by REA;* 2 transformers at 11 load centres Operation handed to Umeme Limited.	Umeme management in Iganga and Bugiri reported that construction works were ongoing by Ferdsult Engineering. HV power lines have been completed but works are yet to begin on the LV network. Target commissioning date is not known. Umeme expressed concern that they had not been consulted during the design and implementation process for this scheme.
Muntemi–Kagadi*(Kibale/Hoima)*- *Q4FY 09/10*		
UShs 779.3 million	65 Km HV power line 28 Km LV power line 19 transformers at 14 load centres. Operation handed to Ferdsult Engineering Services.	Infrastructure has been constructed according to specifications. Works were contracted to Ferdsult Engineering and took place between December 2008 and April 2009. Customers began to connect to the distribution network in April 2009 at cost of UShs 374,000 per connection. At 18th May 2010, 108 customers had been connected (six of which were three-phase connections)
Bukakata - Masaka*(Masaka)*- *Q4FY 09/10*		
UShs 615.8 million	58 Km HV power line 17 Km LV power line 10 transformers at 11 load centres. Operation handed to Ferdsult Engineering Services.	Infrastructure has been constructed according to specifications. HV works were contracted to Yachiyo Engineering and took place between July 2008 and September 2008. LV works were contracted to Ferdsult Engineering and took place between July 2009 and November 2009. Customers began connecting to the distribution network in November 2009 at a cost of UShs 374,000 per connection. At 20th May 2010, 90 customers had been connected (six of which were three-phase connections)

Source: REA work plan 2009/10; planned outputs provided by REA officials 2010; fieldwork observations.

Challenges:

- The JICA funded grid extension schemes included funds for infrastructure construction but not for subsidy of connection fees. The rate of connection to the new distribution networks in Kibaale and Bukakata has been low. For example, in Bukakata, only 90 customers have connected to a network covering almost 60Kms in the 6 months of operation. Ferdsult offices in both Kibaale and Bukakata reported that their operations were being subsidised by more profitable Ferdsult operations elsewhere.

- Ferdsult Engineering reported that they do not currently employ a community liaisons staff or were not undertaking any community sensitisation programmes. Poor sensitisation could be a contributory factor to low connection rates.

- Umeme have not been consulted on the designs for the new infrastructure and have not been able to provide input into the location of the HV and LV networks.

(iii)Output 030104: Increased Rural Electrification: *rural electrification schemes under PRDP financing component* (Q4)

The Peace Recovery and Development Plan (PRDP) is a cross sectoral programme managed by Office of the Prime Minister designed to recover and stabilize Northern Uganda[61]. The overall goal of PRDP is "to consolidate peace and security, and lay foundation for recovery and development"[62].

According to the 2009/10 REA work plan, REA has responsibility for implementation of four PRDP funded schemes. These are: [Katine – Kakure – Kalaki – Lwala]; transmission lines and low voltage networks in Gulu, Tororo and Masaka; transmission lines and low voltage network in Oyam; and electrification of Iyolwa sub-county headquarters. These schemes were not recorded in *Performance Contract Form A* reporting. Table 3.3.6 summarises findings from field monitoring during Q4 FY/0910

Table 3.3.6: Physical performance PRDP funded rural electrification projects

Contract amount	Planned output	Observed physical performance - Q4 FY 09/10
Katine – Kakure – Kalaki – Lwala *(Kaberamaido/Soroti)- Q4FY 09/10*		
UShs 2.56 billion	39 Km HV power line 10 Km LV power line	Infrastructure has been constructed according to specifications.

[61] See PRDP summary on OPM website, at: http://www.opm.go.ug/index.php?curpage=submenus&id=15
[62] Ibid.

	5 transformers at 4 load centres. Operation handed to Umeme Limited.	Works were contracted to Spencon Services and took place between June 2009 and November 2009. By 1st June 2010 (six months after commissioning) only one customer had been connected to the network. Umeme reported that another seven customers were awaiting connection. The beneficiary (located at Lwala trading centre) reported that the service was unreliable and that this was deterring other people from connecting.
Transmission lines and low voltage networks in Gulu, Tororo and Masaka- *Q4FY 09/10*		
Gulu: UShs 234.1 million	*Gulu:* 12 Km HV power line 5 m LW power line (underground) 1 transformer at 1 load centre. Operation handed to Umeme Limited.	Infrastructure is has been constructed according to specifications at Northern Uganda Youth Development Centre in Gulu. Works took place between July 2008 and March 2010. According to the manager, the youth centre did not previously have electricity. Now that they have power, there are plans to extend the youth training services provided – by purchasing agro-processing equipment, building an ICT centre, purchasing carpentry equipment and obtaining motor vehicle repair machinery. The power is sometimes unreliable and can be off for as much as a week. The manager expressed concern that the poles used were not of good quality.
Tororo: UShs 136.72 million	*Tororo:* 4 Km HV power line 5 Km LW power line 2 transformers at 2 load centres. Operation handed to Umeme Limited.	Umeme were not able to verify the technical specifications but reported that HV and LV infrastructure had been constructed at Kirewa and Kitanda. The line was commissioned in May 2009 and by June 11th 2010 only two customers had been connected. BMAU interviewed both beneficiaries (one household, one saloon) who said that although they are pleased to have access to electricity, the service is very unreliable and often they do not have power for two to three weeks. Umeme expressed concern that they had not been consulted during the design and implementation process for this scheme.

Masaka: n/a	*Masaka:* This scheme has been cancelled.	*REA officials reported that this project has been cancelled.*
Transmission lines and low voltage network in Oyam- *Q4FY 09/10*		
UShs 2.99 billion	30 Km HV power line *(Information on LV not provided by REA);* 10 transformers at 8 load centres. Operation handed to Umeme Limited	Neither Umeme or Oyam local government were able to verify the technical specifications but both reported that HV and LV infrastructure had been constructed. Commissioning took place in May 2010. By 7th June 2010, one customer had been connected to the network. The local government offices plan to connect early in the new financial year as they currently use a generator for power. Umeme expressed concern that they had not been consulted during the design and implementation process for this scheme.
Iyolwa sub-county headquarters *(Tororo)*- *Q4FY 09/10*		
REA officials reported that this project has been cancelled.		

Source: REA work plan 2009/10; planned outputs provided by REA officials 2010; fieldwork observations.

Challenge:

The Katine – Kakure – Kalaki – Lwala grid extension has only managed to connect one customer in the six months since commissioning. Similarly, the [Kirewa-Kitanda] line in Tororo has only two customers a year after commissioning. BMAU has serious concerns about the value for money of these grid extensions. The operators (Umeme) in Tororo and Soroti were not consulted on the designs of the extensions. This raises questions as to how the schemes were identified and if the funds could have been spent better elsewhere.

(iv) Output 030104: Increased Rural Electrification: ***grid extension at [Kasese-Lhubiriha] component*** **(Q2, Q4)**

Kilembe Investments is a private organisation that mobilised community members in 1997 and developed the business plan, environmental impact assessment, and infrastructure design for a grid extension scheme. In 2003, Kilembe Investments applied to REA for funding for infrastructure construction. REA agreed to fund the scheme and contracted the works to Spencon Services Ltd. Table 3.3.7 gives a summary of the aspects of the scheme provided by REA and by Kilembe Investments.

Table 3.3.7: Physical performance, grid extension at [Kasese-Lhubiriha]

Contract amount	Planned output	Observed physical performance - Q4 FY 09/10
REA component		
UShs 4.7 billion *HV and LV construction*; UShs 519 million *procurement of pre-pay metering system;* UShs 346 million *provision for connections*	68 Km HV line 54 Km LV line 26 transformers Materials and pre-pay billing equipment for subsidised connection of 2000 customers (including cables, poles, meters and cards, meter boxes)	Infrastructure is complete to specifications and took place between January 2008 and May 2009. Materials provided for subsidised connection of 2000 customers.
Kilembe Investments Limited component		
UShs 269 million	Running costs whilst scheme was being designed and approved by REA. Project designs, including business plan for operations and Environmental Impact Assessment. Supervision during the construction work. Purchase of IT equipment/software for pre-pay system.	Kilembe Investments designed and supervised the construction works. Agreement made with REA that the first 2000 customers would receive a 60% subsidy on their connection fee (domestic customers to pay UShs 125,000 rather than UShs 312,500). By June 2009, 2000 customers had paid their connection fee (some in instalments that are not fully paid). Customers were encouraged to join the scheme by 'electrical committees' at trading centres. By 19th May 2010, 900 of those customers had been connected.

Source: REA Due diligence on Kilembe Investments Limited; fieldwork observations.

Challenges:

- Kilembe Investments identified the following challenges to connecting the remaining 1100 customers: (i) not all customers had paid in full as yet; (ii) not all of the customers have wired their houses; and (iii) not all of the customers are close to the low voltage network.

- The LV network was designed in 2004 but constructed in 2008, meaning that many of the customers who have paid for connection are actually not close to the distribution network. Kilembe have now submitted a proposal to REA for extension of the LV network, as a second phase of the scheme. This would ensure that those that have paid but do not have access to the LV network would be connected. According to ongoing discussions, REA would undertake phase two as one of their 'community schemes'.

Under this scheme, REA would provide 70% of the funds for the infrastructure and the community would need to provide 30%.

Box 3.3.1 Value for money comparison of grid extension schemes– efficiency component

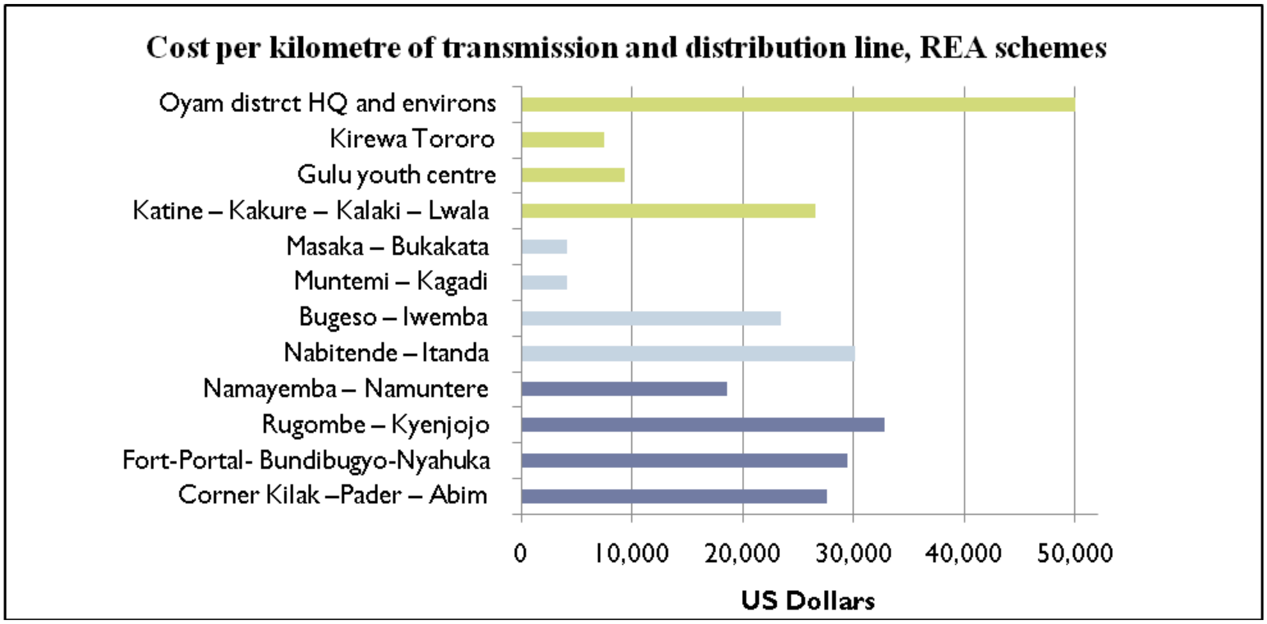
Allocative efficiency is not considered here as the proportion of budget spent on low and high priority items was not available from contractors. Operational efficiency (delivery at the lowest possible unit cost) is illustrated in figure 3.3.5, which provides a comparative analysis of the unit costs of various grid extension schemes implemented by REA during FY 09/10.

Unit costs are obtained by dividing the total HV and LV line length by the contract amount. The MEMD *Budget Framework Paper* for FY10/11 estimates the unit cost of 1 Km of distribution and transmission line to be between US$25,000 and US$35,000[63].

In figure 3.3.5 schemes under PRDP funding are shown in green, those financed by JICA are in light blue and Sida schemes are in dark blue. Most of the schemes display unit costs below the MEMD estimate. The exception is Oyam district headquarters and environs project, which has a unit cost of approximately US$50,000 per Km of power line.

Figure 3.3.5

[63] MEMD *Budget Framework Paper FY 2010/11* (Kampala 2010) 180



Source: Data obtained from REA, 2010

Box 3.3.2 Value for money comparison of grid extension schemes –effectiveness component

	Sida Schemes	*JICA schemes*	*PRDP schemes*
Project planning	LV networks at Pader and Bundibugyo match the distribution of the population poorly. In Bugiri, Umeme noted that the HV line design should have included a sub-station as it is too long.	Umeme were not consulted during the design process for the Iganga and Bugiri schemes despite their extensive local knowledge.	Umeme were not consulted during the design process at Kaberamaido/Soroti, Tororo and Oyam. Connection rates at Kaberamaido/Soroti and Tororo are very low – indicating poor project design.
Service delivery	All lines are functioning. Bugiri line has experienced break downs due to poor quality materials and technical design.	Iganga and Bugiri schemes are not complete. Kibaale/Hoima and Masaka schemes are functioning.	Lines are functioning at Kaberamaido/Soroti, Tororo and Oyam but are not being well utilised. Lines are functioning at Gulu scheme.
Beneficiary satisfaction	Beneficiaries in Bundibugyo, Pader and Kyenjojo were satisfied with service delivery. Beneficiaries in Bugiri felt the service was too unreliable.	Beneficiaries in Kibale/Hoima and Masaka were satisfied with service delivery.	Beneficiaries in Kaberamaido/Soroti and Tororo complained that power was unreliable. Beneficiaries at Gulu youth development centre are pleased with the service.
Management and operation	Co-operatives in Pader and Bundibugyo face financial and capital constraints to effective management.	Rate of connection on the Kibale/Hoima and Masaka lines are low. Operators could improve connection	Umeme management is effective. However, connection rates could be improved if community

	Private operators in Kyenjojo and Bugiri are managing the networks effectively.	rates by improving community sensitisation programmes.	sensitisation was improved.

Source: Fieldwork observations

(v) Output 030104: Increased Rural Electrification: *small and micro hydropower developments component* (Q1, Q2, Q3, Q4)

According to MEMD *Ministerial Policy Statement* FY 09/10, a key output indicator for vote function 0301 is "additional hydropower generation capacity"; with a target outturn for FY 09/10 of 18 MW[64]. Hydropower generation also contributes to the sector objective of "increase electricity generation capacity"[65]. However, hydro-electric plants (HEPs) do not feature in sector work plans or *Performance Contract Form A* because they are privately financed and managed.

Small hydropower projects typically generate up to 20 MW of electricity. They are privately funded on a build, own, and operate basis. Power is subsequently purchased by UETCL. Micro hydropower projects typically produce less than 100 KW (0.1 MW) of power. They are small projects designed to provide energy to communities where for some reason (for example, environmental or geographical), connection to the main electricity grid may be impossible.

During FY 09/10 BMAU has monitored progress at the following small hydro power developments: Buseruka (9MW); Mpanga (18MW); Ishasha (5.8 MW); Bugoye (13MW) and Nyagak (3.5 MW). Progress was also monitored at Bwindi (64 KW) and Kisiizi (300 KW) micro hydropower facilities. Table 3.3.8 details findings from field monitoring (Bwindi micro hydro-electric plant is omitted here and included in table 3.3.14 under project 1023).

Table 3.3.8: Physical performance, small and micro hydropower projects

Approved cost of works	Planned works	Summary physical performance – most recent visit
Buseruka hydro-electric plant *(Hoima) - Q3 FY 09/10*		
US$ 27 million *Private finance*	9 MW capacity HEP 46 Km HV line *(November 2007 – January 2010)*	Expected completion date has moved from January 2010 to June 2010 (although this appeared unrealistic). Ongoing construction works visible on the powerhouse; approach and power channels; and forebay. Electro-mechanical equipment had arrived on site but had yet to be installed within the incomplete powerhouse. There

[64] MEMD *Ministerial Policy Statement FY 09/10* (Kampala, 2009)

[65] Ibid

	Primary contractor: HydroMax Limited	were no visible works ongoing on the dam, transmission lines or penstock. *Progress as reported by contractor on site:* Resettlement and land compensation– 100% Powerhouse– 40% Penstock - 60% Dam/weir– 30% Approach and power channels (1.4km)-95% Forebay – 90% Turbines and generators – 0% 33 KV transmission line to existing Hoima sub-station – unclear Overall at Q3 monitoring visit- 42%
Mpanga hydro-electric plant *(Kamwenge) - Q3 FY 09/10*		
US$ 27 million *Private finance* *Cost of transmission lines is yet to be determined.*	18 MW capacity HEP 9 Km district roads 34 Km 33 KV line and sub-station at Kahunge *(February 2008 – March 2010)* Primary contractor: South Asia Energy Management Systems	Completion date has moved forward to 31st of July 2010 (although this appeared unrealistic). Transmission lines and sub-station to be constructed by REA have not commenced. *Progress as reported by contractor on site:* Resettlement and land compensation – 100% Powerhouse – 65% Penstock – 50% Dam/weir – 50% Intake – 90% Headrace – 65% Turbines and generators – to have arrived April 2010 Transmission line and sub-station (REA component) – 0% Overall at Q3 monitoring visit– 65-70%
Ishasha hydro-electric plant*(Kanungu) - Q3 FY 09/10*		
US$10 million (HEP) US$ 0.4 million (transmission lines) *Private finance*	5.8MW capacity HEP 7 Km HV line *(June 2008 – April 2010)* Primary contractor: Ecopower Limited	Contractor estimates works will be complete on time but BMAU monitoring found this unrealistic. Works were ongoing on the powerhouse, penstock and dam. Good examples of community involvement were reported. *Progress as reported by contractor on site:* Resettlement and land compensation– 100% Powerhouse – 90%

		Penstock civil construction – 95% Penstock mechanics – 25% Dam/weir – 10% Tailrace channel – 100% Turbines and generators – to have arrived April 2010 33 KV transmission lines – 50% Overall at Q3 monitoring visit– 60%
Bugoye hydro-electric plant *(Kasese) - Q4 FY 09/10*		
US$ 55 million *Private finance*	13 MW capacity HEP 6 Km HV line *(January 2008 - December 2009)* Primary contractor: Tronder Power	Hydro-electric plant and transmission lines were complete by October 2009, when the plant was commissioned. When water is at peak levels, the plant is able to run at a capacity of 14 MW (each of the two generators can produce 7.2MW). When water levels are lower, only one generator is used. Currently one of the generators has broken down but the operators expect that the problem was minor and would have been fixed by early June 2010. The contractors are now demobilising on site and rehabilitating the surrounding land. They expected to have the site cleared by end of June 2010. Overall at Q4 monitoring visit– 100%
Nyagak hydro-electric plant *(Paidha) - Q4 FY 09/10*		
US$ 14 million, revised to US$ 20 million *Private finance plus US$ 8.2 million REA subsidy*	3.5 MW capacity HEP *(November 2006 – June 2009)* Primary contractor: WENRECO	Works at Nyagak commenced in November 2006 and the plant was due to be commissioned in December 2007. Completion date was subsequently revised to December 2008 and then to June 2009. Works have been behind schedule at all previous BMAU visits. At Q4 monitoring, no contractors were visible on site and works had halted. Minimal progress had been made since the last monitoring visit in Q2 FY 09/10. One member of WENRECO staff is residing in Paidha town awaiting new contractors to mobilise on site. WENRECO estimate that around eight to nine months of work remained. (See 'challenges' section below) *Progress as reported by contractor on site:* Resettlement and land compensation– 100% Powerhouse – 95% Penstock – 80% Dam/weir – 20%

		Headrace channel – 50% Turbines and generators – 0% Overall at Q4 monitoring visit– 50-60%
Kisiizi micro hydro-electric plant *(Rukungiri) - Q3 FY 09/10*		
Approximately US$ 1 million *70% provided by REA subsidy through Energy for Rural Transformation; 30% from charitable donations from the UK.*	Expansion of existing HEP at Kisiizi hospital from 60KW to 300 KW 7 Km independent grid network with pre-pay meters. *(August 2004- January 2009)*	Micro hydropower plant and distribution infrastructure were completed September 2009 and are fully functioning. The local community are now being connected to the distribution network. In March 2010, monthly revenue from electricity sales and inspection fees was approximately UShs 0.5 million. Kisiizi Electricity general manager reported that the expected capacity of the hydropower facility is 300 - 350 connections which should create monthly revenue of around UShs 1 million. Profits will be donated to Kisiizi hospital. Overall at Q3 monitoring visit– 100%

Source: Fieldwork observations, ERA 2010, discussions with REA officials March 2010.

Challenges:

No activities were taking place on site at Nyagak hydro-electric plant. BMAU monitoring has identified the following information:

- Earlier during the financial year WENRECO (the primary contractor) faced financial difficulties resulting from its generation obligations in Arua town. WENRECO operates a 1.5 MW heavy fuel oil generator that was designed to provide electricity to the towns of Paidha, Nebbi, Koboko and Arua for three years until Nyagak came online in December 2007. The generator uses approximately 150,000 litres of heavy fuel oil per month yet revenue is just UShs 190 million per month on average. Delays in the completion of Nyagak meant that WENRECO faced financial insolvency and subsequently no power was supplied for four months from March 2009 and works at Nyagak ceased entirely.
- REA subsidised operation of the generator over the period July to November 2009 in order to restore power supply to the West Nile towns;
- In September 2009 the Electricity Regulatory Authority (ERA) wrote to WENRECO with intention to revoke the company's license to build, own and operate Nyagak HEP.

Nyagak HEP: Incomplete works on dam (left); incomplete excavation works (middle); incomplete works on tailrace channel (right)

Subsequently WENRECO provided evidence of renewed financial backing; justifications for the company's difficulties and agreement with new contractors to carry out the consultation and construction work;

- During Q2 FY09/10 monitoring, some work had resumed on site at Nyagak. By Q4, limited additional progress had been made and no contractors were on site. The WENRECO representative at Nyagak HEP reported that final negotiations are ongoing between MEMD, WENRECO, and KfW to secure additional finance.
- WENRECO expect financial agreements to be completed in June 2010 so that works could resume.

Box 3.3.3 provides a comparison of the efficiency of small hydro power projects. Unfortunately it is not possible to compare effectiveness as most of the projects are ongoing, but this will be provided in future BMAU analysis.

Box 3.3.3: Value for money comparison of small hydro-electric plants – efficiency component

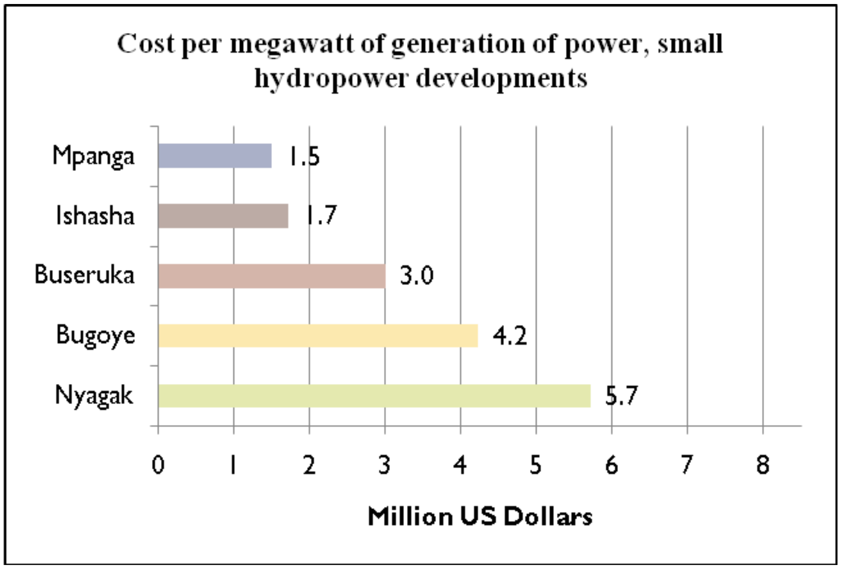
Allocative efficiency is not considered here as the proportion of budget spent on low and high priority items was not available from contractors. Operational efficiency (delivery at the lowest possible unit cost) is illustrated in figure 3.3.6, which provides a comparative analysis of the unit costs of small hydropower facilities constructed during FY 09/10.

Unit costs are calculated by dividing the total cost of construction by the number of megawatts generated. According to MEMD's *Budget Framework Paper* for FY10/11, unit cost per megawatt for FY 09/10 should be approximately US$1.15 million[66].

As shown in figure 3.3.6, none of the hydro-electric plants constructed during FY 09/10 exhibit unit costs lower than the US$ 1.15 million estimated by MEMD. Mpanga hydroelectric plant had the best performance with US$1.5 million per megawatt; by contrast Nyagak hydroelectric plant has the highest unit costs, at US$5.7 million per megawatt.

Figure 3.3.6

[66] MEMD *Budget Framework Paper FY10/11* (Kampala, 2010) 180



Source: Data obtained from interviews with contractors during fieldwork

(vi) Output 030104: Increased Rural Electrification: ***generator purchase for UEDCL 'off grids' component from FY08/09*** **(Q2, Q4)**

Uganda Electricity Distribution Company (UEDCL) previously supplied electricity to areas outside of the electricity grid in Adjumani, Moyo and Moroto using 350 KVA diesel generators. These were old and often broke down. During FY08/09 UEDCL approached REA who agreed to finance new generators as an interim measure to supply electricity to these areas.

According to the MEMD *Ministerial Policy Statement FY 09/10*, "The three generators have been commissioned and the three district headquarters are on power supply"[67]. BMAU visited the generators in Moyo and Adjumani in Q2 FY 09/10. Monitoring visits found that the generator was functioning in Moyo but that the Adjumani generator was not in use following a technical fault. Monitoring findings from Q4 are summarised in table 3.3.9 below.

Table 3.3.9: Physical performance, improved generators at UEDCL mini-grids

Cost of works	Planned works	Summary physical progress – Q4 FY 09/10
UEDCL Adjumani		
UShs 3 million *(including generator and installation)*	Installation of new 750 KVA generator	The new generator was installed in October 2008 but experienced battery charging problems. It has now been fixed and has been in use since December 2009. The new generator is functioning well and supplies electricity for five hours from 7 until 12 pm daily. Previously, (until May 2010) electricity was only supplied until 11pm. BMAU interviewed

[67] MEMD *Ministerial Policy Statement FY 09/10* (Kampala, 2009)

		customers in Adjumani town centre (shop, household, photo centre, hospital) who reported that they would like to have electricity during daytime hours. Adjumani Hospital in particular has demand for electricity during the day. By 8th June 2010, 310 customers were connected to the local distribution grid, well below the capacity of the generator. UEDCL recommended that subsidy be considered for extension of the distribution network and for customer connection costs. The plant where the generator is located is old and requires rehabilitation. A concrete surface is needed to park oil tankers, and the pump system and oil tanks require service.
UEDCL Moyo		
UShs 3 million *(including generator and installation)*	Installation of new 750 KVA generator	The new generator was installed in May 2009 and has been functioning since that time. It is functioning well and supplies electricity for five hours from 7 until 12 pm daily. By 8th June 2010, 430 customers were connected to the local distribution grid, three of which are three-phase customers. Beneficiaries interviewed in Moyo town (shop, household, lodge) reported that the power is reliable but they would like to have electricity for a few hours during the day. Maintenance is required on the pump and oil tanks at the plant where the generator is stored as the equipment is old.
UEDCL Moroto		
UShs 3 million *(including generator and installation)*	Installation of new 750 KVA generator	The new generator was installed in July 2009 and has been functioning since that time. The old 340 KVA generator was unable to maintain demand for electricity and often broke down. The new generator is functioning well and supplies electricity for five hours from 7 until 12 pm daily. Beneficiaries interviewed (hotel, workshop, college, shop, two households) overwhelming said that they wanted to have power available during daytime hours. They also expressed dissatisfaction because the electricity is unreliable. Approximately 500 customers are connected to the local distribution network (1st June 2010). UEDCL report that the majority of customers are domestic as commercial customers were previously driven elsewhere by the unreliable power supplied by the old generator.

Source: Fieldwork observations

UEDCL head office provided administrative data detailing changes in generation and efficiency at the three mini-grids between calendar year 2008 and 2009. The total number of units of electricity generated increased in Moyo and Moroto where the generators have been in use since May 2009 and July 2009 by around 30%; but decreased in Adjumani (where the new generator was not in use until December 2009). The number of units billed increased in all areas but most significantly in Moyo where the increase was by 98%.

The number of litres of diesel consumed during 2009 compared to 2008 increased by 95% in Moroto and 188% in Moyo, reflecting the larger fuel consumption of the new generators. Fuel consumption increased by only by 1% in Adjumani where the old generator was still in use during 2009. Efficiency (KWh generated per litre of fuel) decreased in all areas suggesting that the new generators are not more fuel efficient (but this is likely to be because the machines are under-loaded).

All three areas experienced an increase in electricity billed and revenue collected between 2008 and 2009. In Moyo and Moroto the increase in revenue collected was as more than 200%. Revenue has increased despite the reduction in new customer connections (from 74 in 2008 to 13 in 2009 in Moyo, and from 45 in 2008 to 10 in 2009 in Moroto). The increase in revenue could therefore reflect improved reliability of electricity as a result of the new generators.

Challenges:

- In all of the mini grid areas, the cost of running the 750 KVA generators exceeds revenue collected. For example, in Moroto UEDCL staff estimated that the cost of fuel (approximately 10,000 litres) plus operation and maintenance costs is on average UShs 22 million per month. This generates around 26,000 KWh of electricity per month of which revenue of around 60% of power generated, or UShs 6 – 7 million, is collected. Similar financial data was reported at the other offices.

- The new generators are being under-loaded, which implies low revenue collections and could lead to technical problems in the future. For example, the Moyo office estimates that the current load of 430 customers uses around one third of the generator's capacity. UEDCL could consider extending the distribution networks and/or subsidising customer connections.

- Interviews with beneficiaries found that customers are willing and able to pay for electricity during the day. However, UEDCL only supply for five hours in the evening in order to minimise financial losses from the operations. UEDCL could consider either

New generator at Adjumani (left); outdated manual pumping system at Adjumani (middle); outdated fuel calibration system (right)

subsidising additional hours of operation or shifting some of the hours into the morning (i.e. provide power from 9am - 11am and then 7pm-10pm). This would allow businesses such as workshops and agro-processing to do some work during daylight hours.

(c) <u>Project (0999) Power Sector Development Organisation</u>

Background:

The Power Sector Development Operation aims to: "*assist government to meet the short-term mitigation measures to meet the power shortfall. In particular the funds secured from the World Bank will be used to bring down the high cost of thermal generation*"[68]. Specifically, the project aims to support short-term thermal generation until Bujagali hydropower project is able to provide necessary generation capacity.

Project 0999 started in May 2007 and will finish in July 2011[69]. Total planned expenditure is US$ 306 million. GoU approved budget for FY 09/10 was UShs 50.1 billion, which represents approximately 17% of total GoU expenditure for the vote function, and approximately 10% of total GoU expenditure in the energy sector. Almost the entire GoU budget for project 0999 is allocated to payment of tax on fuel purchased to support thermal generation.

During FY 09/10 BMAU monitored the following outputs during Q4:

(i) **Output 030152: Thermal and Small Hydro Power Generation (UETCL): *Mutundwe thermal plant component* (Q4)**

(ii) **Output: 030102: Energy Efficiency Promotion: *energy audits component* (Q4)**

Financial performance:

By March 2010, 50% of approved GoU budget for FY 09/10 had been released. Of released funds, only 0.3% had been expended. As shown in figure 3.3.7, releases were minimal until Q3 FY 09/10, when UShs 25 billion was released under line item "gross tax".

Indeed within project 0999, UShs 50 billion of the UShs 50.1 billion approved budget is allocated to "gross tax". No GoU budget is allocated to output 030152 (Thermal and Small Hydro Power Generation (UETCL) as it is donor funded); Mutundwe power plant is financed using donor funding. UShs 41 million was allocated to output 030102 (Energy Efficiency Promotion), of which 73% had been released. 93% of release had been spent.

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[68] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 324

[69] Ibid.

Figure 3.3.7

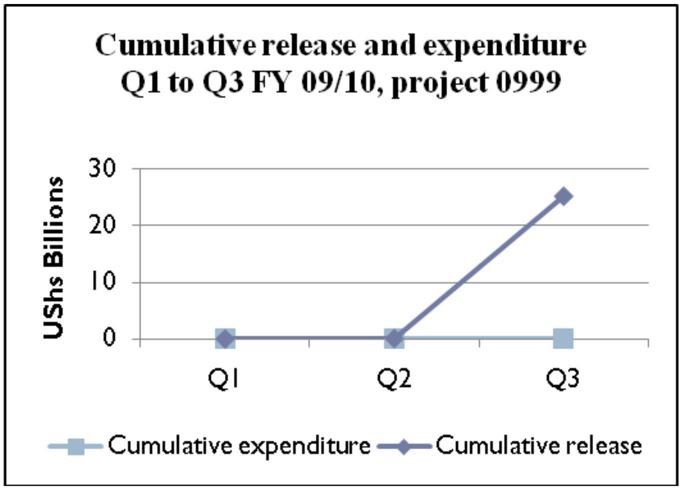
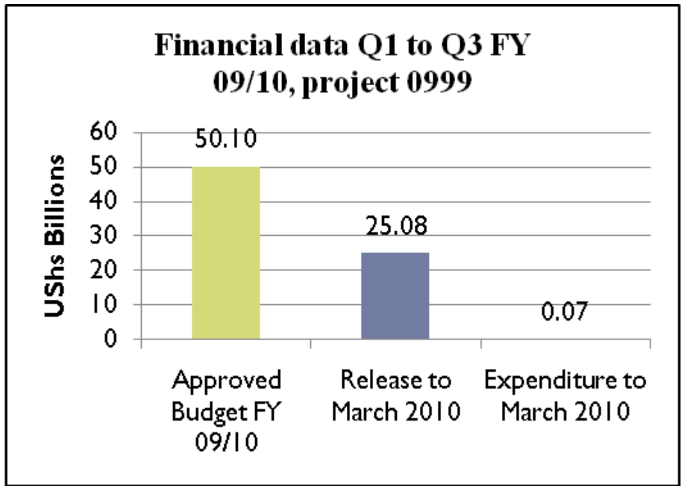


Figure 3.3.8



Source: MoFPED 2010

Physical performance:

(i) **Output 030152: Thermal and Small Hydro Power Generation (UETCL): *Mutundwe thermal plan component* (Q4)**

Mutundwe 50MW thermal generation plant in Kampala was constructed under a ‘Build Own Operate’ arrangement by private developer, Aggreko, in early 2008. Aggreko entered into a Power Purchase Agreement and Implementation Agreement with UETCL in November 2007.

In order to reduce power shortages until Bujagali hydropower facility comes online, the World Bank agreed to provide US$ 206.5 million[70] in International Development Assistance (IDA) to fund running costs of Mutundwe thermal plant. Under the agreement, IDA finances capital charges (rent of the plant at capacity of 50MW), energy costs (fuel and fuel logistics) and some contribution towards operation and maintenance. Payments began in April 2008 and were intended to continue until June 2011. Table 3.3.10 summarises findings from Q4 monitoring.

Table 3.3.10 Observed physical performance, Mutundwe thermal plant

Budget amount	Disbursed funds (April 2010)	Planned outputs	Progress monitored Q4 FY 09/10
US$ 209.7 million	US$ 145.3 million (69.3% of budget)	50MW thermal electricity generated per hour to National Grid.	Plant is fully functioning and operational on a 24 hour basis. Approximately 300,000 litres of fuel are consumed daily.

[70] Exchange rate at time of agreement

			Load shedding has been reduced.

Source: UETCL 2010; fieldwork observations.

Challenges:

- Fluctuations in the price of oil and in the dollar exchange rate have meant that the costs of producing the 50MW have been higher than anticipated. UETCL estimate that given a conservative assumption about oil prices (US$ 85 per barrel), the financing gap of running Mutundwe until June 2011 will be approximately US$ 65.2 million. If operations are to continue until December 2011 (when the first unit of Bujagali hydropower facility is now expected to be ready), the financing gap will be approximately US$ 117.6 million. UETCL are currently under discussions with the World Bank about further assistance in meeting this finance gap.

(ii) Output 030102: Energy Efficiency Promotion: *energy audits component* (Q4)

MEMD planned to carry out energy audits at a number of institutions during FY 09/10 in order to identify energy saving potential. Findings from Q4 monitoring are presented in table 3.3.11. Although BMAU was unable to physically visit the beneficiary institutions during the monitoring visit, the 195 completed audit reports were obtained and reviewed. MEMD plan to implement phase two of the scheme (implementing the audit findings) during FY 10/11. BMAU will monitor progress of the scheme during phase two.

As table 3.3.11 highlights, GoU expenditure to Q3 according to the IFMS was UShs 28.2 million. However, *Performance Contract Form A* reported expenditure to Q3 of just UShs 9.8 million. MEMD should clarify this reporting anomaly.

Table 3.3.11: Observed physical performance, Energy Efficiency Promotion

Planned expenditure to Q3 FY 09/10	Actual expenditure to Q3 FY 09/10	Planned outputs FY 09/10	Progress monitored Q4 FY 09/10
GoU: UShs 10 million Donor: UShs 446 million	GoU: UShs 28.2 million *Donor expenditure information not available.*	Energy audits conducted in 100 schools and colleges; NWSC facilities and 20 public buildings. Investments in energy efficiency carried out.	MEMD officials produced evidence of energy audits in 6 universities, 24 hospitals, 115 schools and colleges; 20 commercial and public buildings; 10 industries; 10 national water facilities; 10 police barracks. Procurement is now ongoing for the second phase, which will involve investments in energy efficiency based on audit findings.

Source: Planned expenditure and outputs from Performance Contract Form A; actual expenditure from IFMS; fieldwork findings.

(d) Project (1023) Promotion of Renewable Energy and Energy Efficiency Programme

Background:

The main objectives of Promotion of Renewable Energy and Energy Efficiency Programme (PREEP) are: (i) to improve the supply of energy from renewable sources, thereby increasing the total energy generation capacity in the country; and (ii) to increase the efficiency of the use of energy[71]. PREEP consists of two components: financial cooperation financed by KfW and technical cooperation provided by the German Technical Corporation (GTZ).

Total planned expenditure is €12.1 million over the period July 2008 to June 2011[72]. GoU approved budget for FY 09/10 was UShs 0.21 billion, which represents approximately 0.07% of total GoU expenditure for the vote function, and approximately 0.04% of total GoU expenditure in the energy sector.

During FY 09/10 BMAU monitored activities under the following output:

(i) Output 030103: Renewable Energy Promotion: *improved household and institutional stoves component* (Q1, Q2)

(ii) Output 030103: Renewable Energy Promotion: *Bwindi micro hydro-electric plant component* (Q3)

Financial performance:

Project 0999 exhibits excellent financial performance. By March 2010, 75% of GoU approved budget for project 1023 had been released. Of released funds, 97% had been expended. Output 030103 (Renewable Energy Promotion) was allocated 43% of project budget. Within the output, 76% of budget was released by March of which 97% had been spent.

Within the project as a whole, 22% of expenditure to Q3 was on line item ‘allowances’; 18% was on ‘fuel, lubricants and oils’; 17% was on ‘travel inland’; 12% was on ‘contract staff salaries’; 9% was on ‘workshops and seminars’; and the remaining 22% was on other (also recurrent) line items. The recurrent nature of expenditure reflects the fact that capital expenditure in this project is donor funded.

[71] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 327

[72] Ibid.

Figure 3.3.9

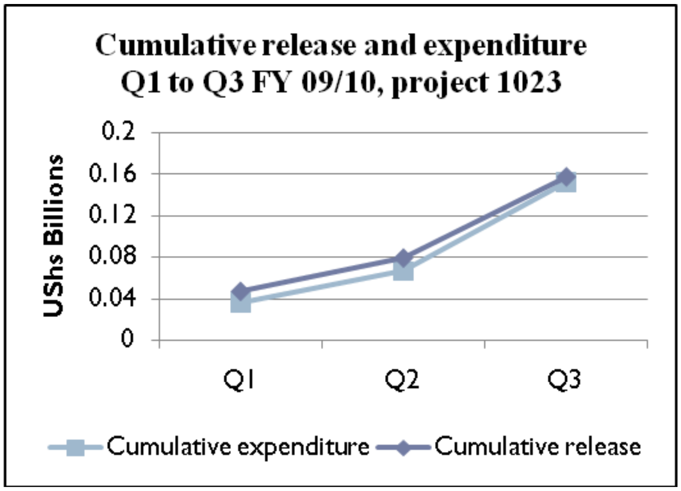
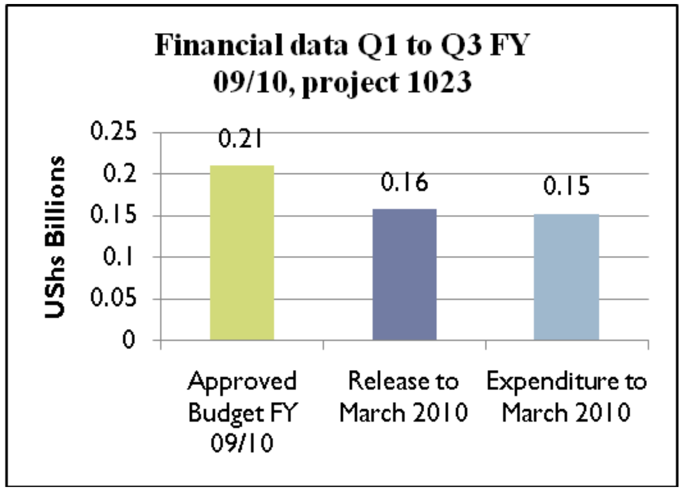


Figure 3.3.10



Source: MoFPED 2010

Physical performance:

Table 3.3.12 updates on progress to May 2010 on all planned outputs as reported in the sector work plan under output 030301 (Renewable Energy Promotion). This data was provided by GTZ project officials. As shown, the energy saving stoves, solar home systems and solar PV system schemes are on target to complete by the close of the financial year. The hydropower plants at Bwindi, Suam and Fofo will not be completed by the end of FY 09/10.

Table 3.3.12: Physical performance of output 030103, 'Renewable Energy Promotion'

Output 030301: **Planned outputs FY09/10 (sector work plan)**	**Physical performance to May 2010** ***(provided by GTZ May 2010)***
100,000 improved household stoves disseminated	At least 82,675 households using improved stoves have been disseminated *(one household may have more than one stove)*
80 improved institutional stoves disseminated	At least 65 social institutions are using improved stoves
1000 solar home systems disseminated	670 solar home systems and solar lanterns disseminated
40 institutions electrified with solar PV	23 social institutions electrified with solar PV systems
Bwindi mini hydropower plant operational	Power plant completed, mini-grid being procured
Construction of mini hydropower plant in Suam	Construction of civil works has started, turbine procured
Construction of mini hydropower plant in Fofo	Under preparation
Feasibility study for Nyalit MHP finalised.	Completed

Source: MEMD work plan FY09/10; GTZ May 2010.

(i) Output 030103: Renewable Energy Promotion: *improved household and institutional stoves component* (Q1, Q2)

Table 3.3.13 summarises the findings from BMAU monitoring of the energy saving stoves scheme during Q1 and Q2.

The improved stoves scheme is managed by GTZ and implemented by selected NGOs. Energy saving stoves are made from locally available products such as mud and grasses. Households are able to cook food using less fuel than they would use with traditional 'three stones' cooking stoves which reduces deforestation in rural areas. The scheme provides funding for implementing NGOs to: (i) train local people to make stoves for sale in the community; (ii) subsidise the production of an initial batch of stoves; and (iii) raise awareness in the community about the benefits of energy saving stoves. The scheme operates in 14 districts

Table 3.3.13: Physical performance of energy saving stoves project, Q1 monitoring

Institutional stoves in Mukono and Kampala district s–***Q1 FY 09/10***
The program disseminated three institutional energy saving stoves to Luzira prison and three to Kauga prison. The recipient institutions were utilising the stoves and reported that they were useful and efficient. They use 50% less firewood and cook very fast. They also create less smoke and they are clean compared to the traditional 'three stones' stoves. The stoves constructed in Luzira and Kauga prisons were part of the pilot for the overall scheme and were poorly constructed.
Household stoves in Yumbe and Arua districts ***– Q2 FY 09/10***
In Yumbe district, 'Yumbe Farmers Association' piloted the stoves project in November 2008 in one sub-county and rolled out the scheme across the district in January 2009. Over 20,000 household stoves in use in Yumbe district. GTZ provided trainers who spent two weeks teaching local people to build stoves; they also provided additional funds and bicycles to enable 'mobilizers' to disseminate information throughout the district. People that were initially trained by GTZ are now paid by Yumbe Farmers Association to pass on their skills to others. In Arua district, 'Participatory Rural Initiative to Save Environment and Energy' (PRISEE) piloted the GTZ scheme in Oluku Sub County in June 2006 and rolled out to two additional sub-counties in early 2007. Around 5,000 households are using energy saving stoves in Arua district. Support received from GTZ included funds for eight days of training, bicycles, and t-shirts. The NGO funds training in the beneficiary sub-counties, as well as selling the stoves themselves. Interviews with beneficiaries in both districts found that stoves were very popular with users. Users reported that they could cook food more quickly, use less fuel, and maintain a clean kitchen. People who have trained to build the household stoves reported that they are able to supplement their income with stove production. One challenge identified in Yumbe was that although demand for stoves was initially high, it had now reduced significantly as many people now already own a stove.

Source: Fieldwork observations.

(ii) Output 030103: Renewable Energy Promotion: *Bwindi micro hydro-electric plant component* (Q3)

Table 3.3.14: Physical performance, Bwindi micro hydropower project

Approved cost of works	**Planned works**	**Summary physical performance – Q3 FY 09/10**
Bwindi micro hydro-electric plant		
UShs 614.5 million (civil works) €60,000 (turbines) *GTZ funding*	64 KW capacity hydro-electric plant *(October 2007 – May 2008)*	No contractor is visible on site. Works are incomplete. Progress visible on site: Resettlement and land compensation – 100% Powerhouse – 100% Penstock – 0% Dam/weir – 100% Channels – 100% Turbines and generators – 100% Transmission lines – 0% **Overall – civil works are 95% but transmission infrastructure has yet to commence.**

Source: Fieldwork observations

Challenges:

- Earlier BMAU monitoring during Q3 FY 08/09 found that there had been a number of delays to the project implementation. These were largely attributed to environmental constraints (the site is set within dense forest and the gorilla conservation area). During Q3 FY 09/10 BMAU met with 'Bwindi Community Micro Hydropower' Board Chairperson, who felt that the community had become disillusioned with the project following the considerable delays in implementation.

- GTZ officials note that a secondary but important objective of the scheme is the development of capacity in Ugandan firms in hydropower construction[73]. A Ugandan based firm was awarded the contract for civil construction works. Since this was the first hydropower project undertaken by the contractor, GTZ assigned a consultant to closely supervise works. GTZ officials report that the contractor faced a number of capacity related issues and despite provision of intensive supervision and assistance, they were

[73] Discussion with GTZ officials March 2010, Kampala

eventually forced to terminate the civil works contract. They are currently tendering for a new contractor and estimate that the project will be completed within 2010[74].

(e) **<u>Project (1024) Bujagali Interconnection Project (Q1, Q3)</u>**

Background:

Bujagali hydropower project is a 250 MW power generating facility located at Dumbbell Island on the Victoria Nile, 8kms from Jinja town. Bujagali Energy Limited (BEL) was awarded the concession to build, own and operate Bujagali hydropower project in 2007.[75]. The total costs of works (onshore plus off-shore) are estimated at US$ 861 million (this privately financed).

Bujagali interconnection project will connect Bujagali hydropower project to the national electricity grid, and will be managed by UETCL. BEL is working closely with UETCL in managing the development of the power transmission line as well as supervision of its construction. Total cost is US$ 74 million[76] (African Development Bank will finance US$ 28.63m; Japanese Bank for International Cooperation US$ 28.63m and GoU US$ 17.45m)[77]. GoU expenditure is earmarked for the Resettlement Action Plan (RAP) aspect of the project.

Monitoring during FY 09/10 focussed on the following:

(i) **Output 030252: Thermal and Small Hydro Power Generation (UETCL): *Bujagali hydropower project component* (Q1, Q3)**

(ii) **Output 030152: Thermal and Small Hydro Power Generation (UETCL): *Bujagali interconnection project* (Q1, Q3)**

Financial performance:

Table 3.3.15 summarises the financial performance at Q3 FY 09/10 of Bujagali hydropower project and Bujagali interconnection project against physical progress observed during Q3 monitoring.

Table 3.3.15: Summary of overall financial performance Bujagali hydropower project and Bujagali interconnection project

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[74] Ibid

[75] BEL is a joint venture between Industrial Promotion Services Kenya and SG Bujagali Holding Limited. Industrial Promotion Services Kenya is part of the Agha Kahn Development Network; SG Bujagali Holding Limited part of Sithe Global Power, United States

[76] (at 2007 exchange rates)

[77] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009)

	Financial progress	Physical progress
Bujagali hydropower project (to February 2010)		
Onshore works	73.2% of total contract invoiced	56%
Offshore works	88.8% of total contract invoiced	95%
Bujagali interconnection project (to March 2010)		
Physical works	ADB funds = 38% dispersed JBIC funds = 34% dispersed	30%
Resettlement Action Plan (GoU)	67% of funds in Escrow account had been spent by February 2010	92%

*Source***:** *BEL, February 2010; UETCL March 2010.*

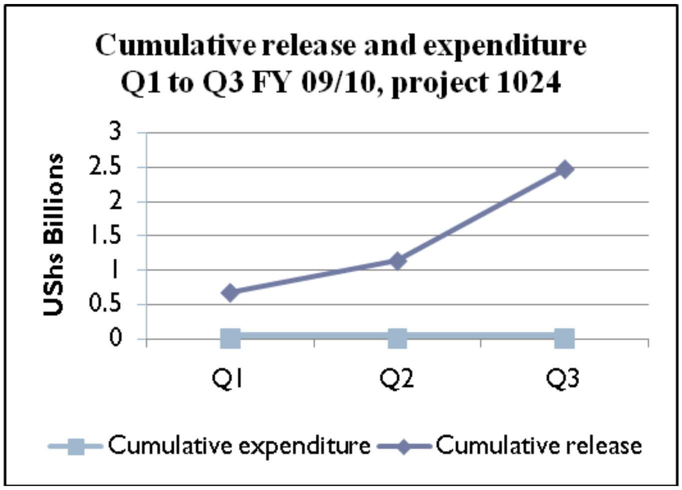
GoU is funding the Resettlement Action Plan aspect of the interconnection project. In May 2008 GoU released US$ 17.46 million (approximately UShs 34 billion) to BEL in an escrow account with Bank of Uganda for the purposes of funding the Resettlement Action Plan. Subsequently no GoU funds were released during FY 08/09 to this project. As shown in table 3.3.15, so far 67% of the US$ 17.46 million have been expended.

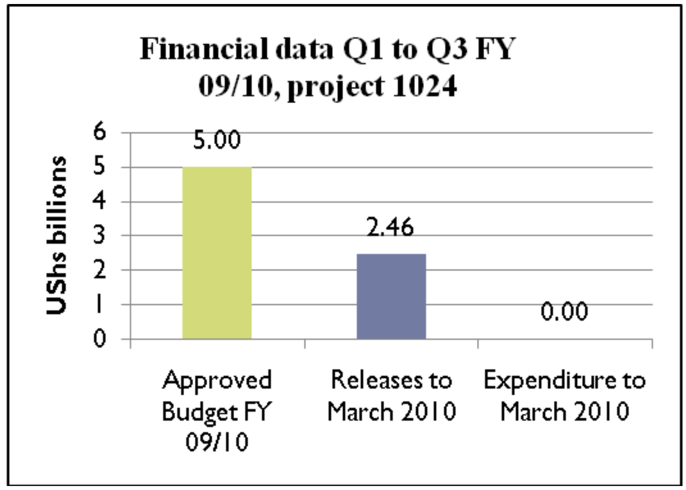
Figures 3.3.11 and 3.3.12 summarise GoU budget, expenditure and release for project 1024 for FY 09/10. In addition to funds still available in the escrow account, GoU approved an additional budget of UShs 5 billion for FY 09/10. Of this 40% (UShs 2 billion) had been released by Q3 but expenditure had been zero.

According to discussions with UETCL officials, the additional UShs 5 billion GoU funds will account for changes in the scope of works that require additional land compensation and resettlement - for example, extension of works at Kawanda sub-station. UETCL have not yet received the additional UShs 2 billion from MEMD and have requested that the funds be deposited in an additional escrow account with Bank of Uganda. It is anticipated that these funds will be called upon when land acquisition and compensation claims are finalised.

Figure 3.3.11

Figure 3.3.12





Source: MoFPED 2010

Physical performance:

(i) Output 030152: Thermal and Small Hydro Power Generation (UETCL): *Bujagali hydropower project component* (Q1, Q3)

The completion date for Bujagali (250MW) hydropower project has been moved back 10 months, to April 2012. This follows a settlement agreement signed by Bujagali Energy Limited and the contractors that packaged together a number of changes in works and allowed for an increase in project costs of US$ 41.6 million. At the time of monitoring in Q3 FY 09/10 onshore works were 56% complete.

(i) Output 030152: Thermal and Small Hydro Power Generation (UETCL): *Bujagali interconnection project component* (Q1, Q3)

Bujagali interconnection project is projected to complete around 9 months behind schedule, by March 2011. Works have been delayed by the ongoing land compensation and acquisition disputes that have hindered construction works on the Bujagali-Kawanda transmission line. At the time of monitoring in Q3 FY 09/10 works were 30% complete and resettlement activities were 92% complete.

(f) <u>Project (1025) Karuma Interconnection Project</u>

Background:

The objective of this project is to provide adequate transmission capacity for evacuation of electricity from the proposed Karuma hydropower station. The project will be managed by UETCL. The proposed power lines are intended to evacuate power from Karuma hydropower station to load centres in Kampala, Lira town and Olwiyo.

According to the *Public Investment Plan*, the project began in July 2008 but does not have an end date. Total planned expenditure for the feasibility study is NOK 14 million (approximately US$2.1 million[78]) which will be fully donor funded by the Kingdom of Norway. Planned output for FY 09/10 is "feasibility study report on RAP for Karuma Interconnection Project available".

Financial performance:

No GoU development expenditure for this project was budgeted for FY 09/10.

Physical performance:

UETCL have provided a progress report for project 1025 dated April 2010. A procurement process took place and SMEC International Limited engineering consultants, based in Australia have been awarded the contract for the feasibility study. So far the following activities have been carried out[79]:

- A brief survey of the proposed 400kV and 132kV line routes;
- Gathering of information, reports and maps required to carry out the study;
- Submission of Inception Report;
- Submission of Economic and Social Impact Assessment Scoping Report.

(g) <u>Project (1026) Mputa Interconnection Project</u>

Background:

Project 1026 was designed to facilitate the evacuation of power from oil refining activities taking place as part of the Early Production Scheme (EPS) at the Mputa oil fields in western Uganda. According to the *Public Investment Plan*[80] oil evacuated from the EPS would power a thermal generation plant at Mputa. This project would transmit this power to the main grid. As detailed in section 3.3.4 below, the specific design of the EPS is unclear and so it is possible that the scope of the interconnection project may change significantly.

GoU planned outputs under project 1026 for FY 09/10 are: "Early Production Scheme Activities" and "Resettlement Action Plan Mputa –Nkenda". Planned activities are: "EPS activities, land valuation, compensation to third parties"[81]. Total planned expenditure for project

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[78] Exchange rate at June 14th 2010

[79] UETCL *Karuma Interconnection Project, Project Performance Brief, period ending April 30th 2010* (Kampala 2010) 6

[80] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 336

[81] MEMD *Ministerial Policy Statement FY 09/10* (Kampala 2009) 130

is US$74 million[82]. GoU approved budget for FY 09/10 was UShs 32 billion, which represents approximately 11% of total GoU expenditure for the vote function, and approximately 7% of total GoU expenditure in the energy sector.

Financial performance:

As shown in figures 3.3.13 and 3.3.14, of the UShs 32 billion GoU budget, 45% had been released by Q3, of which 97% had been expended.

Figure 3.3.13

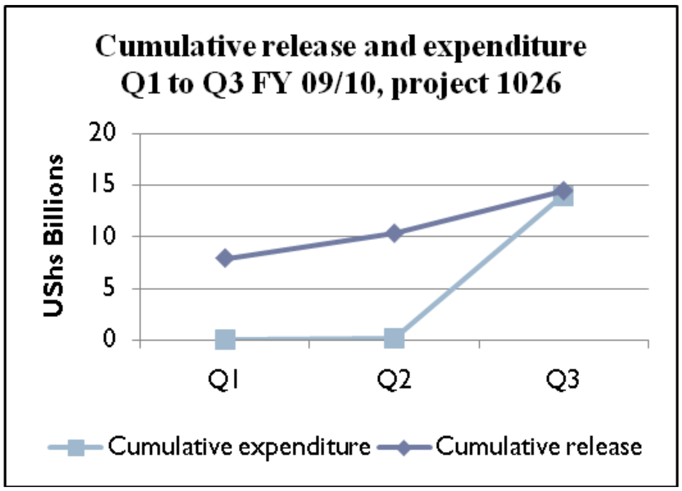
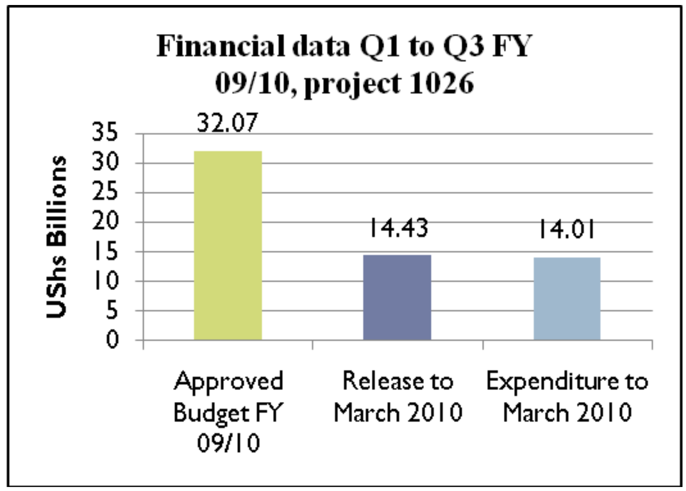


Figure 3.3.14



Source: MoFPED 2010

Physical performance:

UETCL provided a progress update for project 1026 in May 2010. According to this documentation, the Environmental Impact Assessment for the project has been completed and submitted to the National Environmental Management Agency (NEMA) for approval. RAP implementation has commenced and is summarised in table 3.3.16 below.

Table 3.3.16: Performance of Resettlement Action Plan, Mputa Interconnection Project

	Number of project affected persons	**Percentage of total transactions**
Total number of transactions	1603	100%
Disclosures made	910	57%
Agreements completed	797	50%

[82] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 336

Disputes raised	113	7%
Payments made	22	1%
Outstanding transactions	**693**	**43%**

Source: UETCL May 2010

3.3.3 Large Hydropower Infrastructure

Vote Function 0302:

Vote function 0302 will receive approximately 27% of total energy sector expenditure (GoU plus donor) in FY 09/10[83]. Its strategic objectives are: (i) to promote the development of large hydro power stations; (ii) to carry out studies such as pre-feasibility studies, feasibility studies and environmental impact assessments of large hydropower projects; (iii) to implement the Resettlement Action Plans (RAPs) for hydro power projects; (iv) to implement the Resettlement Action Plans (RAPs) for transmission lines evacuating power from large hydropower station; and (iv) to invest and construct power plants on public/private sector partnership[84].

According to 'planned outputs' in the MEMD *Ministerial Policy Statement*, "for the FY 2009/10, the proceeds of this fund are earmarked to kick-start the development of Karuma hydropower project"[85].

(a) <u>Project (0985) Energy Fund (Q4)</u>

Background:

The Public Investment Plan states that,*"[t]he project aims to provide GoU contributions towards the financing of the large power projects in the country including the Bujagali, Karuma and Ayago projects"*[86]. GoU approved budget for FY 09/10 was UShs 191.2 billion, which represents 100% of total GoU expenditure for the vote function, and approximately 38% of total GoU expenditure in the energy sector.

Financial performance:

No funds were released during Q1 and Q2 to project 0985. As shown in figures 3.3.15 and 3.3.16, 74% of approved budget was released during Q3, of which 100% was expended.

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[83] Total energy sector approved budget excluding taxes, arrears and NTR; MoFPED *Approved Budget Estimates* (Kampala 2009)

[84] MEMD *Ministerial Policy Statement FY 09/10* (Kampala 2009) 62

[85] Ibid.

[86] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 321

Conversely, *Performance Contract Form A*: *Q3 progress report* reports zero release and expenditure by Q3 FY 09/10. MEMD should provide an explanation for this reporting anomaly.

Figure 3.3.15

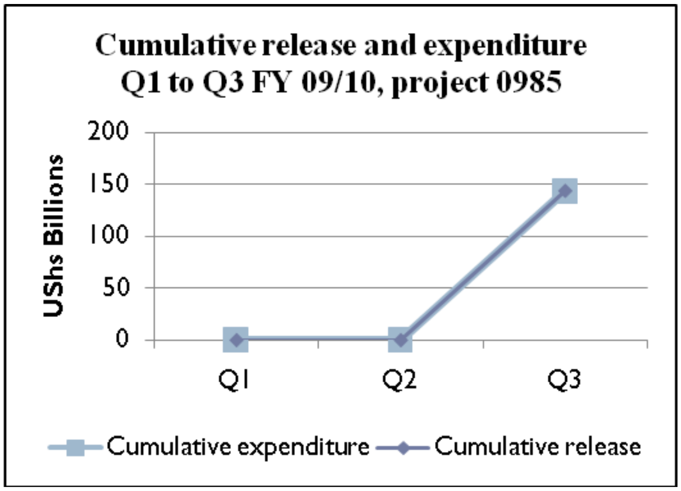
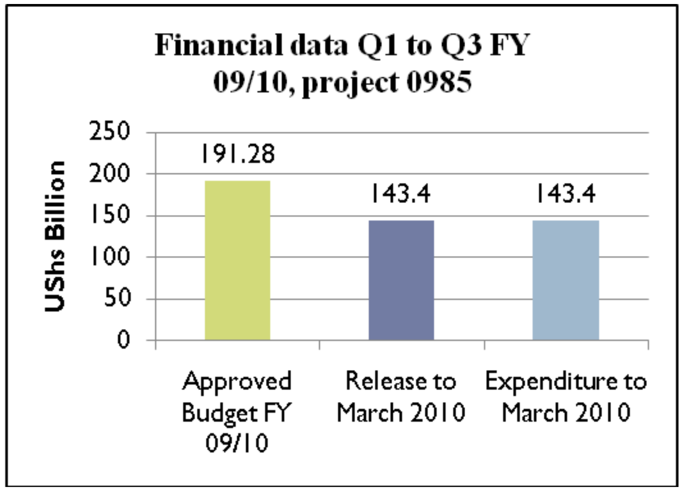


Figure 3.3.16



Source: MoFPED 2010

Physical performance:

Planned outputs for FY 09/10 as reported in the MEMD *Ministerial Policy Statement* are: "Commence construction of Karuma power project" and "Complete feasibility study for Karuma and Isimba power projects"[87]. *Performance Contract Form A*: Q3 *progress report* states that no activities were undertaken up to Q3 because no funds were released for activities[88].

However - contrary to *Performance Contract Form A* reporting - MEMD have provided a progress update for Karuma hydropower project which states that the following progress has been made[89]:

- A contract was signed during September 2009 with Energy Infratech Limited of India to undertake a detailed feasibility study, do preliminary designs, prepare tender documents and assist in the tendering and procurement of the Engineering Procurement Construction (EPC) contractor. Work commenced in October 2009 after payment of an advance payment;
- The consultant submitted an Inception Report in December 2009;
- Terms of Reference for the Economic and Social Impact Assessment have been submitted to NEMA for approval;

[87] MEMD *Ministerial Policy Statement FY 09/10* (Kampala 2009) 130

[88] MEMD *Performance Contract Form A: Quarter 3 Progress Report* (Kampala 2010) 48

[89] MEMD *Karuma HP Feasibility Study Progress Report, 12th May 2010* (Kampala, 2010)

- Ongoing topographical surveys and geological mapping in the dam and powerhouse area are in advanced stages, and studies are waiting to begin in game reserve area once access roads are in place;
- Works on access roads within the game reserve area have commenced and are expected to be completed by May 2010.

MEMD officials also reported that a feasibility study for Isimba hydropower project had commenced, using funding from the Government of Norway rather than the Energy Fund. MEMD were unable to provide further information.

3.3.4 Petroleum Exploration, Development and Production

Vote Function 0303:

Vote function 0303 will receive approximately 2% of total energy sector expenditure (GoU plus donor) in FY 09/10[90]. Despite the relatively small proportion of GoU expenditure received, petroleum exploration and development has the potential to be critically important to the future of Uganda's economic development. According to The National Development Plan (2010/11 – 2014/15): *"[t]he oil and gas sector is relatively new but with large potential. It is estimated that the oil reserves in the country is at 2 billion barrels. To exploit these resources, large investments will be required for further exploration, development and extraction of oil*[91]"

(a) <u>Project (0329) Petroleum Exploration and Promotion (Q3)</u>

Petroleum Exploration Promotion is the only development project within vote function 0303. Its objectives are to arrive at a policy and regulatory framework that maximizes value creation from the petroleum resources in Uganda; to strengthen the Petroleum Exploration and Production Department (PEPD) to efficiently carry out its duties; and to study key parameters that will determine commercial viability of discoveries[92].

GoU approved budget for project 0329 for FY 09/10 was revised from UShs 5.5 billion to UShs 8.6 billion, which represents approximately 1.7% of GoU expenditure in the energy sector.

BMAU Q3 monitoring provides an update on:

(i) Output 030303: Capacity Building in the Oil and Gas Sector (Q3, Q4)

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[90] MoFPED *Approved Budget Estimates* (Kampala 2009)

[91] The Government of Uganda *National Development Plan 2010/11 – 2014/15* (Kampala, 2010)

[92] MoFPED *Public Investment Plan FY 2009/10-2011/12* (Kampala 2009) 308

Financial performance:

As shown in figure 3.3.18, 69% of GoU approved budget had been released by Q3, and of the released funds 62% had been absorbed.

Within project 0329, 42% of approved budget is allocated to output 030303 'capacity building in the oil and gas sector'; 15% is allocated to output 312204 'purchase of specialised machinery and equipment'; 13% on 30372 'government buildings and service delivery infrastructure'; 13% output 30376 'purchase of office and ICT equipment, including software'; (the remaining eight outputs comprise the remaining 17% of approved budget).

Figure 3.3.17

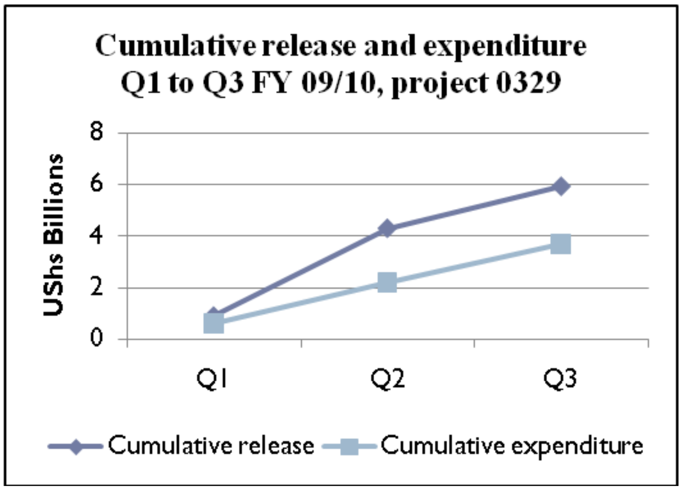
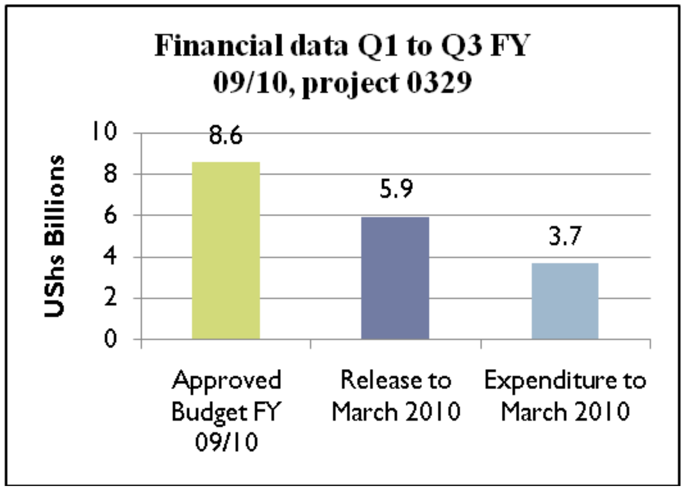


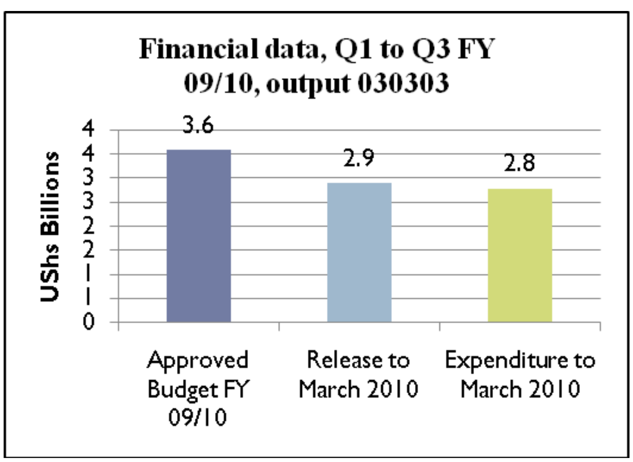
Figure 3.3.18



Source: MFPED 2010

Figure 3.3.19 provides financial data for GoU budget, release and expenditure for output 030303, 'capacity building in the oil and gas sector'. Approved budget for output 030303 was UShs 3.6 billion for FY 09/10, of this 81% had been released by March 2010; 96% of released funds were absorbed. Within the output, 57% of expenditure to March 2010 was spent on allowances; 18% was spent on short term consultancy services; and 15% was spent on staff training. (The remaining 8% of expenditure comprises 18 other expenditure line items.)

Figure 3.3.19



Source: MoFPED 2010

Physical performance:

Table 3.3.17 updates physical performance in the oil and gas sector as observed during Q4 monitoring. The forthcoming Petroleum Bill will enshrine the principles of the *National Oil and Gas Policy* (2008) into legislation. The Bill is currently awaiting approval from The Parliament of Uganda and so some activities await approval before they can commence.

Table 3.3.17: Physical performance of output 030303, 'Capacity Building in the Oil and Gas Sector'

Output 030303: **Planned outputs FY09/10 (sector work plan)**	**Physical performance – Q4 FY09/10**
National expertise for the oil and gas developed	So far more than 20 members of senior staff, engineers and geologists in PEPD have attained Masters level training; during FY 09/10 three members of staff were undertaking Masters. Other types of staff training and development are ongoing: two staff are attached to the feasibility study for an oil refinery; overseas travel, for example to observe 'extended well testing' overseas; academic study in laboratory work and environmental management at Kyambogo University; short courses in Norway; in-house training on computer software; in-house workshops. Members of PEPD staff regularly participate in regional meetings and activities.
Creation of new institutions	The Petroleum Bill will create three institutions for petroleum management: a policy arm; a regulatory authority; and a national oil and gas company. Activities cannot commence until the Bill is passed by Parliament of Uganda.
Commencement of petroleum production, refining and utilisation	Five of the ten exploration areas are currently licensed. Within these, 40 oil wells had been drilled by 22nd June 2010. Hydrocarbons were found in EA1, EA2 and EA3A. PEPD has granted a "period of appraisal" to the developers in these areas – meaning that additional wells may be drilled in order to establish the extent of resource deposits. Two unsuccessful wells were drilled in EA5 but Neptune Petroleum plan to continue exploratory works. Companies will commence bidding for the un-licensed exploration areas when the Petroleum Bill has been passed by Parliament. **The Early Production Scheme (EPS):** Originally developed in 2006, the EPS was a plan to refine crude oil extracted from the Mputa wells in EA2 as part of the 'extended well testing' period. The heavy fuel oil produced would subsequently be used for thermal generation at a new generation facility. However, plans were put on hold following the discovery of significantly higher reserves of oil and commercially viable gas than were anticipated. A feasibility study is ongoing for a revised version of the EPS, known as the "Integrated Power Project", which would primarily use the gas reserves discovered at the Nzizi wells in EA2 for power generation. Early plans involve

	the construction of 14 Km of gas pipeline to a new 50MW power generating facility at Kabale trading centre. It is envisioned that Tullow Oil would fund the pipelines and Jacobsen Uganda would construct the power generation facility. In addition, crude oil extracted from extended well testing in EA2 would be transported by road to existing thermal generation facilities in Namanve and Hima. **Construction of oil refinery**: A feasibility study commenced in August 2009 by Foster Wheeler UK, looking at the practical implications of constructing an oil refinery in Uganda. Findings are anticipated in July 2010.
Capacity building in the Petroleum Exploration and Production Department.	Retention allowances are paid to PEPD staff in order to increase wages in line with private sector; 27 new entry level staff recruited during FY 09/10. Improved data management practices – including procurement of technical equipment and software for data analysis, management and storage. Work is ongoing with assistance from Norway to improve the data management database. Plans drawn by architects for new PEPD buildings in Entebbe, in particular including a new data centre. Works on perimeter wall has commenced. Development of communications strategy has commenced.

Source: MEMD work plan FY09/10; fieldwork observations.

Challenges:

- Whilst significant progress has been made in human capacity development in PEPD, the organisation still lacks sufficient staff and resources. PEDP staff note the challenge of monitoring private developers in the field on a twenty-four hour basis during drilling whilst maintaining sufficient staff in office.
- Tullow Oil plan to increase staff levels by 50-80% as work expands in EA1 and EA2, and express concern that PEPD will not do the same[93]. Tullow Oil stressed that whilst the relationship between the company and PEPD has improved over the past 3 years, more work needs to be done to share analysis of large production projects.
- As the industry develops, there will be pressure for oil companies to recruit increased numbers of Ugandan staff. PEPD need to consider ways to ensure that staff are retained (wages in the private sector are significantly higher).
- During Q3 monitoring, both PEPD and Tullow Oil expressed concern about the capacity of NEMA to regulate the environmental aspects of the industry. For example, many of the well drill sites visited contained waste materials as NEMA has not provided guidance on waste management.
-

[93] Discussions with Tullow Oil, March 2010


Software training in PEPD (left); new equipment used to read and manage geological data (right)

3.3.5 Key policy issues

This section outlines the key issues that have arisen from monitoring in the energy sector during FY 09/10.

(i) Some progress has been made towards achievement of sector outcomes but most output indicator targets as outlined in *Budget Framework Paper* FY09/10 were not met;

The MEMD *Budget Framework Paper* for FY 10/11 defines sector outcomes as "increased power generation capacity and transmission" and "increased promotion of petroleum exploration and monitoring of the supply chain". Unfortunately, outcomes were not outlined in the *Budget Framework Paper* for FY 09/10 and so instead table 3.3.18 summarises observations of progress made towards sector output indicators as defined in the 09/10 *Budget Framework Paper*.

Overall, there has been progress in the sector towards the outcomes as defined in the *Budget Framework Paper* for the coming year, but the output indicator targets set at the start of the financial year have largely not been met.

Table 3.3.18: Performance observed by BMAU on sector output indicators (as outlined in MEMD *Budget Framework Paper* FY09/10)

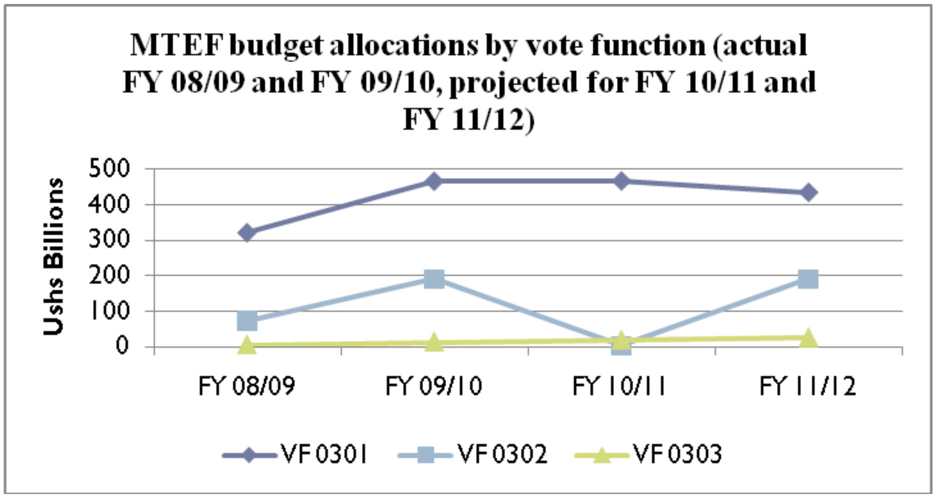
Output Indicators	**Target FY09/10**	**Performance observed by BMAU FY 09/10**
Vote Function:0301 Energy Planning, Management & Infrastructure Development		
Number of renewable energy systems installed (biomass,	100,000	BMAU visited gasifier installations at three locations, none of which were functional. In addition, household and institutional energy saving stoves were monitored in Arua, Yumbe, Mokono

solar, gasification technologies, household stoves)		and Kampala districts, which were popular with beneficiaries. GTZ report that at least 82,675 households are using improved stoves and that 670 solar home systems had been disseminated by May 2010.
Additional hydropower generation capacity	18 MW	Completed hydropower plants at Bugoye (13MW) and Kisiizi (0.3 MW) were visited. Other hydropower developments were not complete by time of Q4 monitoring.
Number of Km of power lines extended	No target specified	Twelve electricity grid extension schemes that took place during the financial year were monitored. Of these, ten had been commissioned (totalling approximately 670 Km of high and low voltage lines). REA undertook numerous other projects during the financial year but MEMD did not document these activities and so assessment of progress is not possible.
Number of new connections	20,000	Approximately 1,500 new connections had been made during the financial year at the ten commissioned grid extension schemes monitored. The low connection rate at many schemes suggests that it is unlikely that the 20,000 target will be met overall. However, REA undertook numerous other projects during the financial year that MEMD did not document and so assessment of progress is not possible.
Vote Function:0302 Large Hydropower Infrastructure (Energy Fund)		
Number of studies done	No target specified	Feasibility studies are ongoing at Karuma and Ishasha hydropower projects but documentation will not be completed by the end of the financial year.
Vote Function:0303 Petroleum Exploration, Development & Production		
New institutions created to regulate oil and gas activities in the country	3	The Petroleum Bill will create three institutions for petroleum management: a policy arm; a regulatory authority; and a national oil and gas company. Activities cannot commence until the Bill is passed by Parliament of Uganda.
Number of national expertise's for oil & gas developed	4	Unclear how this target should be measured. Monitoring found that a significant number of training and development activities were taking place in PEPD.

Source: National Budget Framework Paper FY10/11; fieldwork observations

Figure 3.3.20 provides a time series analysis of budget allocations (GoU plus donor) for vote functions 0301, 0302 and 0303 for financial years 08/09, 09/10, 10/11 and projected budget allocation for 11/12. As shown, vote function 0301 (*Energy Planning, Management and Infrastructure Development*) retains the majority share of funding – reflecting sector emphasis on outcome "increased power generation capacity and transmission". Vote function 0303 (*Petroleum Exploration, Development & Production*) is projected to receive a steady increase in funding – reflecting the increased importance of the petroleum sector in national development priorities. Vote function 0302 (*the Energy Fund*) will be suspended during financial FY 10/11 but will resume in FY 11/12.

Figure 3.3.20



Source: Approved Budget Estimates FY 09/10; National Budget Framework Paper FY 10/11

(ii) **An improved strategy document is needed to improve transparency and value for money in rural electricity grid extension schemes;**

In principle, current rural electrification policy is based on the *Rural Electrification Strategy and Plan 2001-2010*[94], which outlines the framework within which rural electrification takes place. In addition, the *Indicative Rural Electrification Master Plan (2009)*[95] sets out specific guidelines on how rural electrification schemes should be prioritised and implemented (see page 92, section 4.4 "Project Prioritisation", and 4.4.1 "Grid Projects").

Monitoring of grid extension schemes suggests that some schemes have not been designed and implemented according to the principles outlined in the documents above. The value for money analysis provided in this report in boxes 3.3.2 and 3.3.3 finds that although grid extension schemes monitored displayed adequate operational efficiency (generally unit costs were in line with MEMD guidelines), effectiveness was often poor. Several lines (for example [Katine – Kakure – Kalaki – Lwala] and [Kirewa–Tororo]) have only managed to connect one or two customers, and reliability of service delivery is poor. Local operators said that they had not been consulted during the design process, which means that rich local knowledge about electricity demand was not utilised.

The *Rural Electrification Strategy and Plan 2001-2010* will need to be reviewed during the coming financial year. It is recommended that the new rural electrification strategy document includes the following:

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[94] The Government of the Republic of Uganda *Rural Electrification Strategy and Plan 2001-2010* (Kampala, 2001)

[95] MEMD *Indicative Rural Electrification Master Plan* (Kampala 2009)

- Guidelines on how to improve transparency in the identification and prioritisation of grid extension schemes: for example by developing clear selection criteria and making analysis publically available;
- Provision for inclusion of local government and existing local operators in the identification and design of new schemes.

(iii)Households in rural areas often have limited ability or willingness to pay for connection to electricity grid extensions;

Monitoring of rural electrification schemes during FY 09/10 found that some grid extension projects have failed to attract a significant number of new customers. Interviews with beneficiaries (households and businesses) that have managed to connect to the new electricity distribution networks noted that connection fees and wiring costs were difficult to afford. Discussions with local operators (BECS, PACMECS, Ferdsult Limited, Kilembe Investments, and Umeme) revealed similar conclusions. Where subsidies have been provided for an initial batch of connection fees (for example at the Kasese and Kyenjojo extensions), the rate of new connections was much higher during the subsidy period than it was after subsidies were stopped.

It is recommended that the following actions could improve effectiveness of future grid extension schemes:

- Local operators could be encouraged to employ community liaisons officers in order to improve sensitisation of beneficiaries (Monitoring noted that officers were employed at BECS and PACMECS cooperative organisations but not at the private operators);
- All future grid extension projects could include a connection subsidy component;
- BECS have designed and locally produce a product called a ‘ready-board’ which when purchased by customers (for around UShs 150,000) removes the need to pay for wiring and inspection costs. This significantly reduces the cost of connection to the distribution network. Other operators could consider replication of the ready board product (see picture below).

Female headed household using ready- board in Bundibugyo town (left);

Phone charging shop in Bundibugyo town (right)

Ready-boards contain the meter box, one socket and one light bulb. They can be purchased inexpensively and remove inspection fee costs.

(iv) MEMD reporting systems could be improved to improve transparency;

Analysis of progress in the energy sector during FY 09/10 has been constrained by the information provided by MEMD in work plans (outlined in the *Ministerial Policy Statement* FY 09/10) and *Performance Contract Form A* quarterly reporting. Specifically:

- Only a small proportion of activities undertaken by REA were documented in *Performance Contract Form A*. This means that numerous activities that should be recorded under project 0331 (Rural Electrification) are not documented – and so transparency is poor;
- Activities taking place under the direction of UETCL are also not reported in *Performance Contract Form A*, even though they feature in the *Ministerial Policy Statement*. For example, four international electricity transmission projects outlined in the *Ministerial Policy Statement* will connect Uganda with The Democratic Republic of Congo, Tanzania, Kenya and Rwanda. Although work on land acquisition and resettlement has already commenced, these activities no not feature anywhere in *Performance Contract Form A.*
- Official reporting on the use of the Energy Fund (project 0895) has been inadequate. Whilst *Performance Contract Form A* states that no activities have taken place due to non release of funds; MEMD officials confirmed that activities were in fact taking place on the feasibility study for Karuma hydropower project (for which the funds are earmarked). MEMD should improve transparency regarding the use of these funds.

3.4 HEALTH

3.4.1 Introduction

The total approved allocation to the health sector in FY 09/10 was UShs 735.67 billion out of which UShs 434.17 billion was GoU contribution and UShs 301.50 billion was donor funding. This was an increase of UShs 107.21 billion from last (08/09) FY's allocation of UShs 628.46 billion. It should be noted that substantial resources continue to flow to the sector through off the budget support. The medium term health sector policy objective of the health sector is to reduce morbidity and mortality from the major causes of ill health and premature death and reduce disparities therein. The key policy implementation issues to be addressed in the medium term include: inadequate essential medicines and health supplies in health facilities, underequipped health facilities, poor functionality and low coverage of village health teams and low staffing levels[96]

Methodology

During the fourth quarter of FY 2009/10 (April-June 2010), the health sector team of the Budget Monitoring and Accountability Unit (BMAU) monitored the following projects. Rehabilitation of Arua, Kabale and Masaka Regional Referral Hospitals; Support to the Health Sector Strategic Plan II Project (SHSSP) where the team monitored construction and rehabilitation of health facilities in three districts of South Western Uganda namely: Isingiro, Kabale, and Rukungiri; Instittional Support to the Ministry of Health Project; and District Infrastructure Support Project where the team visited three hospitals including: Nebbi, Tororo and Masafu.

Implementation of PHC and PRDP grants was monitored in the following districts: Bugiri, Busia Hoima, Isingiro, Kabale, Kiboga, Koboko, Maracha-Terego, Mityana, Mubende, Namutumba, Nebbi, Rakai, Rukungiri, Sembabule, and Tororo. The districts were purposively selected taking into consideration regional representation and going back to areas that had been visited in earlier quarters. The monitoring exercise focused on the inputs, processes and outputs of disbursements to projects and programs within the health sector.

3.4.2 Rehabilitation of Regional Referral Hospitals Project.

Introduction

During FY 08/09 Government allocated UShs 16 billion (excluding taxes) for the Rehabilitation of 11 Regional Referral Hospitals including: Arua, Buhinga, Gulu, Hoima, Jinja, Kabale, Masaka, Mbale, Soroti, Lira and Mbarara. In FY 09/10 Government allocated UShs 17 billion for the rehabilitation of the above listed RRHs. Releases to the Regional Referral Hospitals over shown in the table below:

Table 3.4.1: Releases to Regional Referral Hospitals in FY 08/09

[96] Republic of Uganda. MoH. 2009. Health sector budget framework paper.

Reg. Referral Hospital	Budget	Release	Variance as at 30 June 2009	Percentage
Arua	1,681,420,000	1,631,110,000	50,310,000	97.0
Fortportal	900,000,000	871,128,000	28,872,000	96.8
Gulu	1,850,000,000	1,796,415,000	53,585,000	97.1
Hoima	1,243,000,000	1,109,913,000	133,087,000	89.3
Jinja	1,813,000,000	1,750,500,000	62,500,000	96.6
Kabale	1,849,320,000	1,849,320,000	0	100.0
Masaka	1,806,000,000	1,753,500,000	52,500,000	97.1
Mbale	1,551,886,000	1,464,936,000	86,950,000	94.4
Soroti	1,450,374,000	1,450,372,000	2,000	100.0
Lira	1,660,000,000	1,491,667,000	168,333,000	89.9
Mbarara	200,000,000	194,207,000	5,793,000	97.1

Source: MFPED Legacy system

Table 3.4.2: Releases to Regional Referral Hospitals in FY 09/10

Reg. Referral Hospital	Revised Budget	TOTALS Releases	Variance as at 30 June 2010	Percentage
Arua	1,481,000,000	1,481,000,000		100
Fort Portal	1,750,000,000	1,750,000,000		100
Gulu	1,750,000,000	1,750,000,000	-	100
Hoima	1,143,000,000	1,143,000,000		100
Jinja	1,808,000,000	1,708,424,000	99,576,000	94.5
Kabale	1,800,000,000	1,800,000,000		100
Masaka	1,806,000,000	1,806,000,000		100
Mbale	1,452,000,000	1,452,000,000		100
Soroti	1,350,000,000	1,260,959,000	89,041,000	93.4
Lira	1,460,000,000	1,460,000,000	-	100
Mbarara	1,200,000,000	1,200,000,000		100
Total	**17,000,000,000**	**16,811,383,000**	**188,617,000**	

Source: MFPED Legacy system

As shown in the table 3.4.1, Government released over 97% of the proposed budget for 08/09. For FY 09/10, UShs 16,811,383,000 (98.89%) out of the approved budget of UShs 17,000,000,000 was released as at the end of FY 2009/10 (30 June 2010). Only UGX 188,617,000 was not released accounting for only 1.1%. Although Moroto and Mubende Hospitals were upgraded to Regional Referral Hospital status starting FY 09/10, no funds were allocated during the FY. During the fourth quarter ended 30 June 2010, the budget monitoring team visited 3 RRHs namely: Arua, Kabale and Masaka as described below.

A. ARUA REGIONAL REFERRAL HOSPITAL

In FY 2009/10 Arua Regional Referral Hospital was allocated and actually received its entire allocation amounting to UShs 1,481,000,000 for capital development. During FY 09/10, the district planned to undertake the following activities: complete construction of the medical ward, the lagoon, complete the staff houses and procurement of furniture, office equipment, photocopiers, computers, motorcycles, firefighting equipment and medical equipment. The detail of all activities that were to be undertaken is as illustrated in the table 3.4.3.

Financial Performance

The table 3.4.3 is a summary of capital development activities undertaken during FY 08/09 and FY 09/10. Information provided include: project undertaken, contractors, contract sums and payments todate.

Table 3.4.3: Financial performance for FY 08/09 and FY 09/10 for Arua Regional Referral Hospital

Output Description	Contractor	Contract sum	Cumulative payment to date (Ug. Sh.)
Construction of the 3 storeyed medical ward	Excel Construction	3,212,114,188	1,753,968,168
Construction of Residential houses	Ishaka Muhereza Workshop	582,245,184	505,204,756
Procurement of motor vehicle (station wagon	Motor care (U) Limited	154,974,762	154,974,762
Procurement of motor cycles	Honda (U) Limited	23,917,500	10,630,000
Procurement of office and IT Equipment	Wiz Technology Limited	37,400,000	37,400,000
Procurement of filling cabinets and carpets	Footsteps	8,365,000	8,365,000
Procurement of medical equipment	Joint Medical Stores Limited	70,440,251	70,440,251

Procurement of medical equipment	Crown Health Care	98,579,560	Funds committed
Procurement of fire fighting equipment	Fire Masters Limited	8,378,000	Funds committed
Procurement of office equipment	Olitec International	8,875,960	8,875,960
Procurement of office furniture	Translog Distributors	36,870,000	36,870,000

Source: field findings

In regard to the construction of the medical ward, the Ministry of health (MoH) paid the initial UShs 900,000,000 and it was consequently financed under the Rehabilitation of the Referral Hospital.

Physical Performance

By the time of the monitoring visit on 2 June 2010, the construction of the 9 staff houses had been completed and they were occupied by health workers. The medical ward had been roofed, plastered and painting and other internal finishes was ongoing. The construction of the lagoon stalled after business owners and households adjacent to the lagoon secured a court injunction against further works on the lagoon. At the time of the monitoring visit, the Hospital administration had commissioned an environmental impact assessment of the lagoon. Below are pictures of some of the capital development activities undertaken at Arua RRH over the last two FYs (08/09 and 09/10).


3 storey medical ward


Inside the medical ward


Part of the 6 housing units


Station wagon


Lagoon under construction

B. KABALE REGIONAL REFERRAL HOSPITAL

In the FY 2009/10 the hospital received its entire annual allocation for capital development amounting to UShs 1,800,000,000.

Planned Activities FY 2009/10

During FY 09/10, the hospital planned to undertake the following activities: construction of the private ward; a nurse's hostel, renovation of TB ward and mini TASO, the mortuary, renovation of staff houses, main store and X-ray unit, the gynaecology ward, the main theatre, renovation of the maternal and child health/ family planning unit, the walk ways and theatre fence, the maternity ward, orthopaedic and physiotherapy departments and other minor repairs.

Financial Performance

The table below gives a summary of capital development activities being undertaken at Kabale Regional Referral Hospital from FY 2008/09 to FY 2009/10. The information includes; the projects, contractors, contract sums and payments made.

Table 3.4.4: Financial performance for FY 08/09 and FY 09/10

Activities and Expenditure for FY 2008/09			
Project	**Contractor**	**Contract sum**	**Payment to date**
Renovation of medical ward	Kamutongo Contractors & Suppliers Limited	48,480,300	48,480,300
Renovation of surgical ward	PEARL Combined Agents Limited	71,539,200	71,539,200
Renovation of Outpatient Department	Kyomwaka Willy & Kamutongo Contractors	52,975,024	52,975,024
Renovation of staff houses	Several	14,874,365	14,874,365
Renovation of administration block	Multi-Purpose Technical Services Limited	15,329,830	15,329,830
Other miscellaneous minor repairs	Several	19,544,512	19,544,512
Construction of a private wing	PRIME I.K Limited	2,882,208,505	1,011,083,316
Construction of a nurses hostel	Trandint Limited.	913,807,488	478,504,893
Construction of main gate & guard room	TAZIT Construction Co. Limited	11,763,910	11,763,910
Construction of two 6 stance Pit Latrines	DAFFMIR Construction & Gen. Agencies Limited	30,631,680	30,631,680
Activities and Expenditure for FY 2009/10			

Renovation of T.B Ward and mini TASO	B & E Enterprises Limited.	46,606,637	46,606,637
Renovation of staff houses	NASMAF Gen Contractors & Kamutongo	87,521,440	87,521,440
Renovation of main store & X- Ray	NASMAF Gen. Contractors	42,331,674	42,331,674
Renovation of gynecology ward	Kamutongo Contractors & Suppliers Limited	42,009,770	42,009,770
Renovation of main theatre	Kamutongo Contractors & Suppliers Limited	25,449,210	25,449,210
Renovation of MCH/Family Planning unit	Kamutongo Contractors & Suppliers Limited	22,922,680	22,922,680
Renovation of Walk ways and Theatre fence	Kamutongo Contractors & Suppliers Limited	10,773,400	10,773,400
Renovation of maternity ward	Buwekula Mixed Firm Limited.	38,706,360	38,706,360
Renovation of Orthopedic & Physiotherapy. Departments	Kamutongo Contractors & Suppliers Limited	15,965,400	15,965,400
Other Miscellaneous Minor Repairs	Several	22,821,760	22,821,760
Constructions:			
Construction of a Nurses Hostel	Trandint Limited.	913,807,488	887,943,883
Construction of a Private Wing	PRIME I.K Limited	2,882,208,505	1,578,186,845
Construction of Chain Link fence at Mortuary	Kamutongo Contractors & Suppliers Limited	16,870,106	16,870,106

Source: Field findings

Physical Performance

By the time of the monitoring visit 29 June 2010, the hospital had completed 90% of the works scheduled for FY 09/10. The hospital is undertaking two major construction works to which over 70% of the capital development funds released during the FY were committed namely: construction of multi-storeyed private ward and nurses' hostel. As reflected in the financial performance report, these multi-year projects started last FY and are expected to be completed in FY 10/11. Plastering, plumbing and

Front and hind elevations of the private ward, Kabale Hospital

electrical installations was ongoing for the nurses hostel. The private wing had been roofed and walling of some sections was ongoing. The quality of work is commendable.

Nurses hostel at Kabale Hospital

Challenges to the Delivery of Health Care Services in the Hospital

1. **Encroachment on hospital land:** It was reported that substantial portions of the hospital land has been encroached on over the years. Efforts by the hospital to redeem the land have been rather futile. The hospital administration has sought legal guidance from the Solicitor General but have not received the much needed legal advice. Some individuals have occupied staff houses within the hospital land and are not willing to vacate or even negotiate. Of the encroachers leased hospital land to a telecom company which elected a mast—that is an eye sore in the vicinity of the hospital.

2. **Late releases:** The hospital administration was concerned about delays to release funds. For instance funds for the fourth quarter of FY 09/10 were disbursed in May 2010. In addition to these late releases, additional delays by Stanbic Bank to credit the accounts of the hospital for an average of 2 weeks were also noted.

3. **Lack of an accident and emergency unit**: tThe hospital doesn't have an accident and emergency unit and currently uses the OPD for emergences which doesn't have all the facilities to handle emergency cases. The hospital is located along a high way and receives a number of accident cases.

4. **Lack of contingency funds for medicines:** Following the centralisation of procurement and distribution of medicines under NMS, the Hospital does not have any funds to enable it respond to emergencies. Similarly mental health and anaesthetic drugs are supplied in few quantities by NMS. Lack of a contingency plan makes it difficult for the hospital to act quickly in case of emergencies and stock outs of drugs.

C. MASAKA REGIONAL REFERRAL HOSPITAL

In FY 09/10, the hospital received its entire allocation for capital development amounting to UShs 1,806,000,000.

Planned Activities FY 2009/10

During FY 09/10, the hospital planned to undertake the following activities: renovation of the maternity wards, the female surgical ward, two male wards, the TB ward, the female medical ward, the pediatric ward, the mortuary; and renovation and expansion of the male medical ward. Other planned activities included: completion of construction of tarmacking the 0.96 km road from the main gate into the hospital; refurbishing the drainage system, construction of walk ways connecting to all wards, procurement of medical equipment including: an ultra sound machine, pathology equipment, operating table, dental chairs and other assorted medical equipment. The Hospital further planned to expand the administration block and renovate the interns' mess. For FY 10/11, the hospital intends to construct a staff hostel of 54 self contained housing units.

Financial Performance

The table below gives a summary of capital development activities being undertaken at Masaka Regional Referral Hospital for the FY 2009/10.

Table 3.4.5: Financial performance for FY 08/09 and FY 09/10 for Masaka Regional Referral Hospital

Project title	Contractor	Contract sum	Payments to date
Expansion and Renovation of Male Medical ward	Block Technical Services Ltd	221,967,605	167,279,431
Renovation of female and Pediatric ward	Simeo Enterprises Ltd	153,441,890	94,024,996
Renovation and expansion of administration block	Litho Enterprises Ltd	108,462,001	90,127,896
Renovation of drug store	Redline Investment Ltd	48,270,821	38,544,464
Renovation of private OPD	Triple Pride Building & Contractors	16,505,000	15,679,750
Renovation of kitchen at private	Sauda Nampeera	14,685,300	11,613,284

OPD			
Construction and renovation of OPD toilets	Omega Jap	22,962,087	17,580,098
Construction of hedge and guard rails	Triple Pride Building & Contractors	12,762,360	12,124,242
Construction of walk ways from Admin. Block to Uganda Cares, Canteen & private OPD to emergency ward	Sauda Nampeera	28,652,860	2,370,400
Completion of paving private ward	Block Technical Services Ltd	27,470,400	27,470,400
Completion of private ward	Block Technical Services Ltd	27,412,473	27,412,473
Construction of a 3 storeyed staff hostel	Block Technical Services Ltd	2,674,824,035	504,227,394
Renovation of interns mess	Triple Pride Building& Contractors	92,753,369	88,068,201
Procurement of consultancy services for construction of staff hostel	Ace Consult Ltd	65,796,520	17,731,728
Construction of a uniport hut at the gate	Triple Pride Building& Contractors	1,938,000	1,938,000
Construction of a generator house	St Jude Electricals & Medical Equipment Ltd	1,837,500	1,837,500
Purchase of 1 station wagon	Toyota Uganda Ltd	129,125,749	51,650,295
Procurement of assorted medical Equipment	Matrix U ltd	432,917,000	432,917,000
Procurement of assorted medical Equipment	Matrix U ltd	1,945,000	1,945,000
Procurement of assorted medical Equipment	Mulago hills Diagnostics Ltd	32,712,257	32,354,127
Procurement of assorted medical Equipment	Mednet Health Care (u) Ltd	64,371,200	45,586,345
Installation of Apbx machine in the hospital	St Jude Electricals & Medical Equipment Ltd	45,586,345	45,586,345
Procurement of generator	St Jude Electrical& Medical Ltd	23,090,000	23,090,000
Procurement of five computers	Real Tech Ltd	9,750,000	9,750,000
Procurement of television set	St Jude Electricals& Medical Equipment Ltd	3,101,800	3,101,800
Procurement of an inverter	Overseas General Investors U ltd	11,000,000	
Procurement of office furniture	Footstep Furniture Co. Ltd	28,168,016	

Procurement of office carpets	Risco Limited	9,447,000	
Total		4,310,956,588	1,782,795,984

Source: Field findings

Physical Performance

By the time of the monitoring visit on 7 June 2010, the private ward had been completed and was in use. The hospital had finished tarmacking the 0.96 km access road, worked on the drainage, constructed walk ways. Renovation of the OPD clinic and eye department had been completed while the renovation and expansion of the male medical ward, renovation of the female and pediatric wards were ongoing. Renovation of the interns mess was complete, and construction of the toilets for the administration block had been completed. The hospital had completed the renovation of the mortuary shared by the hospital and Masaka Municipal Council.

The hospital had procured medical equipment including: 3 dental chairs, ultra sound machine, pathology equipment, 32 patients' beds, procedural trolleys, cardiac table, 32 patient bed side lockers and an Electro Cardiography Machine.

A generator had been procured and was serving the eye department and the administration block. The hospital renovated the drug store, paved and redesigned the main entrance to the hospital.

Completed private ward

Male TB ward under renovation&

Paved access roads

Dental chair and ultra sound machine

Generator for eye & admin Dep’ts

Rehabilitated drug store

Drug store before rehabilitation

Renovated and expanded admin department

3.4.3 District Infrastructure Support Program

The District Infrastructure Support Programme (DISP) is a Government of Uganda funded infrastructure development programme which is implemented by the Ministry of Health (MoH). The project focuses on rehabilitation, and provision of ambulances and medical equipment to General Hospitals. Works have been undertaken at the following hospitals over the last 6 years: Nakaseke, Abim, Nebbi, Moyo, Masafu, Kambuga, Itojo, Rushere, Bududa and Tororo. Works at most of these facilities have been protracted usually spanning several FYs.

During the fourth quarter FY 2009/10, the health sector budget monitoring team visited three of the general hospitals where works have been ongoing namely: Busia, Nebbi and Tororo. The progress of the rehabilitation works are described below.

A. NEBBI GENERAL HOSPITAL

Spencon Services Limited was contracted by Ministry of Health to rehabilitate Nebbi Hospital at a sum of UShs 1,183,558,928. The scope of works at Nebbi Hospital included: refurbishment of windows and doors and patches in the hospital; rehabilitating the drainage and sewerage systems within the Hospital and replacing some of the drainage pipes within the hospital. Other works included rehabilitating drainage systems within the medical staff quarters, drilling of a borehole, installation of a solar pump on the borehole and rehabilitating the lagoon.

The contract was scheduled to run for a period of 18 months starting from April 2009 to September 2010. The annual progress report for FY 09/10 indicated that 90% of the scheduled works had been completed while the contractor reported payment over 90% of the contractual sum. Actual payments by the MoH to the contractor had not been availed by the time this report was finalized.

However the monitoring visit on 31 May 2010 revealed the contrary. Rehabilitation of the sewage system had stalled. There was no significant progress of work done between September 2009 when the team last visited and the recent visit. On request of the contractor, the Hospital Administration shifted patients into some of the wards to allow works on selected wards. However since the wards were handed over in April 2009, none of the scheduled works had been completed. Verification confirmed that none of the toilets in the hospital had been completed. Broken cisterns had been removed but no replacements had been fixed. Old tiles had been replaced with new ones. Door frames for most of the toilets had been replaced but doors had not been fixed. Rehabilitation of the lagoon was nearing completion.

Spencon Services Limited –the contractor acknowledged the delays and reported that some of the required materials and parts were yet to be imported into the country. For example, the solar pump was ordered from Canada. No sewer pumps had been replaced within the hospital. Some of the pipes were being repainted instead of being replaced. Some of the outright visible cracks that have been a sore sight in the hospital have not been patched.

Rusty water pipes to be repainted.

Partially rehabilitated toilets

Lagoon

Cracks in the administration building

Challenges to implementation of the DISP at Nebbi Hospital

1. **Slow progress of the works**: It was reported by the Hospital Administration that the quality of works done has been slow and of poor quality. At the inception of the project, the hospital shifted patients out of some of the wards where works were to be undertaken. However since April 2009 when the site was handed over to the contractor, rehabilitation of sewage systems in the hospital has not been completed. No significant progress had been made between the previous visit in September 2009 and the latest visit on 31 May 2010. The situation has paralysed service delivery in the hospital. As a result of the congestion, in some instances, men and female patients were reported to be sharing the same wards and sanitary facilities.

2. **Poor contract management:** It was reported that since the inception of the project, only two site meetings were held. As a result there has been no forum for responding to the concerns of the hospital administration about the quality of works. The hospital administration reported very little knowledge about the scope of works and the contracts as these are managed exclusively by the MoH.

3. **Poor status of infrastructure:** The infrastructure at the hospital is evidently dilapidated as partly reflected by the cracks in the buildings. Drainage pipes are rusty and broken. The Contractor under the DISP was expected to rehabilitate the pipes but most of them appear to be in need of outright replacement.

B. MASAFU GENERAL HOSPITAL

Tabula Engineering Company was contracted by the MoH to renovate Masafu General Hospital Rehabilitation at a sum of UShs 745,813,727. The scope of work included: remodeling of the male ward and construction of new toilets for the ward, construction of three semi detached staff houses and connecting them to a septic tank. By the end of June 2010, the contractor had been paid a sum of UShs 464,714,968 (62.3%).

Physical Performance

By the time of the monitoring visit 22 June 2010, the male ward had been partitioned and roofed and construction of the toilets was ongoing. Casting of hard core for walk ways connecting the male ward to existing wards was ongoing. The three semi detached staff houses had been roofed, doors and window frames fitted and plastering was ongoing. Construction of the septic tank too was ongoing.

The contractors promised to complete the works and hand over by mid July 2010. The quality of work done was good and appreciated by the hospital administration save for the delay to complete the works resulting from delays to pay for works by the MoH.

Male ward under rehabilitation

Staff house under construction

Staff houses under construction

C. **TORORO GENERAL HOSPITAL**

Pacon Engineering Company was contracted at a sum of UShs 706,206,235 to undertake the following works at Tororo General Hospital: remodeling of the old OPD into an administration block, construction of a gate, paving of the access road from the main gate to the OPD; fencing off the hospital to separate inpatients from outpatients and excavation of the septic tank connected to the new administration block. By the end of June 2010, the contractor had been paid UShs 346,825,072 (49.1%).

Physical Performance

Remodeling of the OPD, construction of the main gate, and construction of the septic tank had been completed and handed over to the hospital. Fencing of the hospital to separate the inpatients from the out patients had also been completed.

Administration block

New gate and security house

Septic tank

Challenges to service delivery in Tororo Hospital

- **Poor quality of works:** There are several defects identified within the works undertaken at the hospital including: doors which do not lock, leaking roofs, storm water entering the offices and the road works which have not been completed. The contractor handed over a road that had not been completed. The hospital administration identified defects which the contractor was expected to complete within 6 months but was reluctant to do so.

- **Inadequate human resources**: The hospital has only two medical doctors out of an establishment of 7 doctors. There are no dispensers, no laboratory technicians, no radiographer and no pharmacist. The hospital has an ultra modern x-ray which was donated by JICA but is currently not used due to lack of a radiologist. The few health workers at the hospital are overwhelmed by the amount of work.

- **Poor maintenance of equipment**: The hospital has no engineer in its establishment who would carry out routine maintenance of hi-tech medical equipment. The Hospital relies on hiring the services of staff from Mbale Regional Referral Hospital.

- **Inadequate security**: The Hospital employs only two Askaris who man the two gates to the hospital. There are no security personnel to patrol the hospital premises. At night the Hospital employees one policeman and are not able to recruit additional security personnel due to inadequate funding.

3.4.4 Support to the Health Sector Strategic Plan Project II

A total of 39 health facilities are being rehabilitated and remodeled in 9 districts of South Western Uganda including: Mbarara, Kiruhura, Isingiro, Ibanda, Ntungamo, Kabale, Rukungiri, Kanungu and Bushenyi. The contracts for the rehabilitation of the 39 Health Centres were awarded to Multiplex limited which was contracted to rehabilitate/remodel 9 HCIVs and 18 HCIIIs under Lot 2 and 3; and Creative Construction Company Ltd and Krish Developers and Consultants(joint Venture) which was hired to remodel 4 HCIVs and 8 HCIIIs. Contracts for the above works were signed on 15 August 2008. Each facility had varying dates of completion ranging from 15 May 2009 and 15 June 2010. None of the sites was completed on schedule. During the fourth quarter of FY 09/10, the health sector monitoring team sampled health facilities in Isingiro, Kabale and Rukungiri districts. Below is the progress of the civil works in the districts.

ISINGIRO DISTRICT

In Insingiro district, the following sites are undergoing construction: Nyarubungo HCIII, Endinzi HCIII, Rwenkubo HCIV and Nyamuyanja HCIV. Works were expected to start on 15 August 2008 at Nyarubungo HCIII and end on 15 May 2009. The monitoring team visited Rwenkubo HCIV and Nyamuyanja HCIVs.

a) Rwenkubo HCIV

At Rwenkubo HCIV, the following facilities were to be constructed under the contract: an outpatient department, general ward, operating theatre, attendant shelter and staff houses. At the time of the monitoring visit on 28 June 2010, the OPD was at ring beam, the operating theatre had been roofed and the general ward was at ring beam. Construction of the staff houses was at window level while the construction of the attendant shelter was also at ring beam. The physical progress of the civil works is illustrated below.


General ward


Operating theatre


Outpatient department

b) Namuyanja HCIV

At Namuyanja HCIV, the following facilities were to be constructed: an outpatient department, operating theatre, maternity ward, general ward, single staff house and double staff house. At the time of the monitoring visit on 28 June 2010, the OPD was at roofing stage, the operating theatre, maternity ward; general ward, the single and double staff houses had been roofed and outside plastering completed. The physical progress of the civil works is shown below.

Double staff house

Maternity ward

Operating theatre

Outpatient department

General ward

Single staff house

KABALE DISTRICT

In Kabale district, the following health centres were to be rehabilitated/upgraded: Bukinda HCIV, Hamurwa HCIV, Kamuganguzi HCIII, Buhara HCIII, Bufundi HCIII and Butanda HCIII. The contract for works at the above 6 health centres was awarded to Multiplex Limited. Works at Bukinda HCIII, were expected to commence on 15 November 2008 and end on 15 August 2009. Works at Hamurwa HCIV, Kamuganguzi HCIII and Buhara HCIII were expected to have commenced on 15 June 2009 and end on 15 March 2010 while the remodeling of Bufundi HCIII and Butanda HCIII was expected to start on 15 September 2009 and 15 June 2010.

The contract for the upgrading of the above health centres was also awarded to Multiplex Limited and the Consultant is Infrastructure Design Forum. The monitoring team visited Buhara HCIII and Kamuganguzi HCIII to establish the progress.

a) Buhara HCIII

At Buhara HCIV, the following structures were to be constructed; single staff house, double staff house, attendant shelter, general ward, single and double laundry, double VIP latrine, out patient department, attendant shelter, maternity and general ward. By the time of the monitoring visit 29 June 2010, the single staff house, the double staff house, OPD, and general ward had been roofed, plastered and window flames fitted. The construction of the attendant shelter was at roofing stage while the construction of the double laundry was at ring beam. The physical progress of the civil works is shown below.

Double and single staff houses

General ward

Outpatient department

Operating theatre

Operating theatre

b) Kamuganguzi HCIII

The following structures were planned to be constructed at Kamuganguzi HCIII: general ward, staff houses, outpatient department, single and double VIP latrines, attendant shelter and laundry. At the time of the monitoring visit 29 June 2010, the general ward had been roofed and plastered; the outpatient department had been plastered and roofed. The attendant shelter, VIP latrines were at foundation level. The single and double staff houses had been roofed and outside plastering was ongoing. Below is the progress of the physical works at Kamuganguzi HCIV.


General ward


Outpatient department


Staff houses

RUKUNGIRI DISTRICT

In Rukungiri District, the following health facilities were to be constructed/ remodeled: Kebisoni HCIV, Buhunga HCIV, Nyakisenyi HCIII, Nyakagyema HCIII, Rweshama HCIII, Bikurungu HCIII. It was reported that works at Nyakagyeme HCIII had been completed while construction of facilities at Rwensama HCIII had just commenced. The team visited Buhanga HCIV to establish the progress of the construction. The progress is highlighted below.

a) Buhunga HCIV

At this site, the following structures were planned: construction of a single and double staff house, an operating theater, a maternity ward, a general ward, a double and single laundry and an outpatient department. Civil works at this site were contracted to Creative Construction and Krisha Developers (Joint Venture). By the time of the monitoring visit on 30 June 2010, shuttering and finishes were ongoing as shown below.


Outpatient department


Maternity ward


Operating theatre

General ward

Staff houses

CHALLENGES IN IMPLEMENTING OF THE SHSSP PROJECT

- **Value Added Tax Compensation:** VAT was included in the contracts signed in August 2008 and was to be paid by the Government of Uganda as counterpart funding. However in the budget speech of FY 2008/09, donor funded projects in agriculture, health and education sector were exempted from paying Value Added Tax (VAT) and had their arrears written off—in order to ease the challenges associated with counterpart funding[97].

  Creative Construction Company Limited was contracted to carry out works in Kanungu, Rukungiri and Bushenyi at a sum of US$ $5, 315,579.35. By April 2010, the company had been paid US$ 2,958,002.25 excluding VAT. It was reported that the VAT associated with the certified works was US$ 900,000 out of which the contractor had only been paid VAT compensation worth only US$ 51,840. Construction materials are supplied inclusive of VAT which compensation has not been paid by Government. The contractor claimed that the VAT compensation owed to Government had constrained works resulting into abandoning several of the sites in the three districts of operation.

- **Over contracting:** Only two companies were contracted to undertake works at 39 health facilities. These were over stretched. By the completion date for the contract, some of the scheduled works at selected facilities across the 9 Districts had not been embarked on.

3.4.5 Primary Health Care and PRDP Grants to Local Governments

Throughout the FY 09/10, BMAU monitored implementation of PHC grants in over 70 District Local Governments. Some of the Districts visited during the first quarter of FY 09/10 were re-visited to establish progress made throughout the FY using the first quarter as the benchmark. Districts revisited include: Mityana, Mubende, Hoima, Kiboga, Sembabule, Rakai, Namutumba,

[97] MFPED budget speech FY 2009/10 paragraph 95.

Maracha, Nebbi, Arua, Busia, Bugiri, Isingiro, Kabale, and Rukungiri. Districts like Tororo and Koboko were visited for the first time during the FY to take stock of progress made toward implementing PHC grants as at the end of the FY.

BUGIRI DISTRICT LOCAL GOVERNMENT

The district health office received UShs 209,600,000 between July 2009 and June 2010 for PHC capital development. The following activities were scheduled to be undertaken in FY 09/10: expansion of an OPD at Buyinja HCIV, remodeling of the OPD at Nankoma HCIV, construction of an OPD at Mutumba HCIII and procurement of medical equipment.

Financial Performance

3.4.6 Financial Performance Report for PHC Capital Development, Bugiri District

Name of the Project	Contractor	Contract sum	Payments to date
Expansion of OPD at Buyinja HCIV	Dankik Enterprises	173,456,500	49,358,790
Construction of OPD at Nankoma HCIV	Greenland Building Contractors and Civil Engineers Company Limited	393,000,000	600,000
Procurement of Medical equipments	Kagga Investments Limited	9,941,000	9,941,000
Procurement of architectural drawings	Ikaaba		571,000
Construction of OPD at Mutumba HCIII	Nkabi Investment Limited	103,799,995	17,138,509
Retention on DHO's office	Ebikuumu Ebibiri Contractors	67,434,140	3,371,707
Total			80,981,006

Source: Field findings

Physical Performance

By the time of the monitoring visit 21 June 2010, the OPD expansion at Buyinja HCIV was at ring beam while the OPD at Mutumba HCIII had been roofed, and plastered, but remodeling of the OPD at Nankoma HCIV had not started.

OPD at Buyinga HCIV

Maternity ward at Mutimba HCIII

BUSIA DISTRICT LOCAL GOVERNMENT

The district received UShs 522,669,000 for both traditional PHC and PRDP from July 2009 to June 2010. The following activities were planned for FY 09/10: construction of the district drug store, completion of a laboratory at Busia HCIV, and procurement of beds and beddings under PHC. Under PRDP, the following were scheduled: construction of staff houses at Amoni Kakinei HCII, Buwamba HCII, Bumunji HCII and Hasyule HCII, fencing of Masafu General Hospital and Buhehe HCIII. The district also planned to construct maternity wards at Habuleke HCII, Buwembe HCII, Sikuda HCII, and Buttette HCII.

Financial Performance

Table 3.4.7: Financial Performance Report for PHC Capital Development, Busia District

Project	Contractor	contract sum	Payments
Construction of staff houses at Hashule & Bumunji HCII,	Pentagon Contractors Limited	99,692,172	55,798,900
Construction of staff houses at Buwumba HCII and Amonikakinei HCII	Nafito Contractors Limited	99,009,481	49,304,946
Fencing of Masafu Hospital	Time traders and Transporters Limited	53,681,551	49,806,458
Construction of maternity wards at Habuleke HCII, Buwembe HCII, & Sikuda HCII	One by One Limited	87,940,467	11,953,908
Construction of Laboratory at Busia HCIV	M/S BBK General Contractors Limited	253,981,694	73,511,782
Construction of District Drug Store	M/S BBK General contractors Limited	70,003,347	33,617,925
Construction of OPD at Mawero HCII	Raph Construction Company	49,956,777	11,434,677
Construction of OPD at Tira Ajuket HCII	Pentagon Contractors Limited	49,956,777	27,162,657

Source: Field findings

Physical Progress

By the time of the monitoring visit 22 June 2010, construction of the drug store was at ring beam while the laboratory at Busia HCIV was almost complete. Construction of the maternity ward at Buwembe HCII was still at foundation level while the maternity ward at Habuleke HCII was at window plate level.

Construction of the drug store

Laboratory at Busia HCIV

Maternity ward at Habuleke HCII

Staff house at Amoni Kakinei HCII

HOIMA DISTRICT LOCAL GOVERNMENT

The district had received UShs.129, 757,000 for capital development for FY 09/10. The following capital development activities were scheduled for FY 09/10: completion of an operating theatre at Kigorobya HCIII, construction of a doctor's house at Kigorobya HCIII, completion of Bukuku HCIV, construction of staff quarters at Kasetta HCIII and construction of a water pump at Kikube HCIV.

Financial Performance

Table 3.4.8: Financial Performance Report for PHC Capital Development, Hoima District

Name of the Project	Contractor	Contract sum	Payments to date
Construction of a theatre at Kigorobya HCIII	Rujabu General Enterprises	85,000,000	60,975,277
Construction of a doctor's house at Kigorobya HCIII	Bakt trading company	45,000,000	17,252,307
Completion of Bukuku HCIV	Global Construction Company Limited	29,000,000	

Construction of staff quarters at Kasetta HCIII	Muda Construction Company	36,000,000	
Installation of a water pump at Kikube HCIV	Water Mall Contractors	15,000,000	14,657,500
Total		210,000,000	92,885,084

Source: Field findings

Physical Performance

Works on the operating theatre at Kigorobya HCIV were nearing completion. Construction of the Doctor's house had stalled. There was hardly any progress made between October 2009 the last monitoring visit to the health unit and 29 May 2010 the recent monitoring visit.

Doctor's house at Kigorobya HCIII

Water tank, Kigorobya HCIII

ISINGIRO DISTRICT LOCAL GOVERNMENT

The district received UShs 215,645,000 for PHC capital development from July 2009 to June 2010. The following activities were scheduled for FY 09/10: construction of a theatre and doctor's house at Rugaga HCIII, an Out Patient Department and staff house at Kyabahesi HCII and a junior staff house at Ruborogota HCIII. Construction of a maternity ward at Ruborogota HCIII was scheduled for FY 08/09 but was undertaken in FY 09/10.

Financial Performance

Table 3.4.9: Financial Performance Report for PHC Capital Development, Isingiro District

Project	**Contractor**	**Contract sum**	**Payments to date**
Construction of a theatre and staff house at Rugaga HCIII	Behumuka Mahiso Construction & Building Company Limited	206,193,200	0
Construction of an Outpatient Department & staff house at Kyabahesi HCII	Tesla Engineering and Supplies Limited	45,734,924	0
Construction of a junior staff house at Ruborogota HCIII	Ms Keen Contractors Company Limited	21,654,180	0

Construction of a maternity ward at Ruborogota HCIII**			10,749,384

Source: Field findings

** Activity carried forward from FY 08/09.

The district had not spent the money received for capital development in the FY 2009/10 because contracts for works at Rugagga HCIII and Ruborogota were awarded late on March 24, 2010.

Physical Performance

By the time of the monitoring visit on 28 June 2010, the theatre at Rugagga HCIII was nearing completion. It had been roofed, plastered, with window and door frames fitted. Construction of the staff house had not commenced but was expected to start soon after completion of the theatre by the same contractor—MS Keen Contractors Company Limited. At Kabahesi HCII, construction of OPD was at window level while the construction of the staff house was at ring beam. Construction of the junior staff house at Ruborogota HCIII was near completion and the contractor was carrying out internal finishes.

Theatre at Rugagga HCIII

OPD at Kabahesi HCII

Staff house at Kabahesi HCII

Challenges to Health Care Delivery in the District

Poor communication: There have been several policy changes in the recent past but communication to Local Governments has often been late. Taking the example of drug management, NMS was made a vote at the start of FY 09/10 but the communication about the change of policy was only received in December 2010. NMS has also introduced a drug kit system for distribution of drugs to health facilities where a standard set of drugs will be delivered to health facilities at HCII and HCIII levels. The District Health Office noted that Local Governments were not consulted. As a result essential drugs that are required are supplied in minimal quantities and while drugs that are not essential are supplied in large quantities. The district was in the process of providing feedback to NMS on the issue.

Drug stock outs: Out of the drugs supplied between January and April 2010, there were several health facilities which got partial orders and such health facilities had not got any additional supplies since February 2010.

Accreditation of health facilities: There is no consistent policy on accreditation of health facilities. The process of having a newly constructed health facility being added onto the drug distribution list is not straight forward. As a result some health facilities are not included onto the distribution list several months after completion.

KABALE DISTRICT LOCAL GOVERNMENT

Kabale district received UShs 204,596,000 for PHC capital development from July 2009 to June 2010. The district planned to carry out the following activities during FY 09/10: renovation of wards and OPD at Rubaya HCIV and Kamwezi HCIV. The district also planned to complete activities that were carried over from the previous FY 2008/9 and these include: construction of the OPD at Kiyebe HCII, an OPD at Shebeya HCII and an OPD at Kahama HCII.

Financial Performance

Table 3.4.10: Financial Performance Report for PHC Capital Development, Kabale District

Project	Contractor	Contract sum	Payments
Construction of OPD Kiyebe HCII**	Happiness Enterprises Limited	56,794,580	53,927,851
Construction of OPD Shebeya HCII**	Tazit Construction Company	25,676,800	23,109,120
Construction of OPD Kahama HCII **	Happiness Enterprises Limited	56,794,580	53,954,852
Renovation of Rubaya HCIV	B&E Enterprises Limited	35,220,640	17,610,520

Source: Field findings

*** Funds retained from FY 08/09*

Physical Performance

By the time of the monitoring visit 29 June 2010, the construction of the OPD at Ruhama HCII had been completed and the health centre was operational.

Challenges to Health Care Delivery in the District

1. **Late releases:** Delayed disbursement of PHC funds has affected contracting and completion of scheduled

Kahama HCII OPD

works. Contractors are reluctant to undertake works once there requests for payment are not honored.

2. **Limited involvement in central level projects:** The District Administration reported to be having very limited involvement in the implementation of central level funded projects. They are not facilitated to undertake field supervisions on behalf of the Central Government which limits accountability on the side of the contractor to the local leadership and technical staff.

KIBOGA DISTRICT LOCAL GOVERNMENT

The district had received UShs 153,187,000 for PHC capital development during FY 09/10. The following capital development activities were scheduled for FY 09/10: construction of Bananywa HCII, a staff house at Kikolimbo HCII; a staff house at Katalama HCII and completion of an OPD at Ntwetwe HCIV.

Financial Performance

Table 3.4.11: Financial Performance Report for PHC Capital Development, Kiboga

Project	Contractor	Contract sum	Payments
Construction of a kitchen, bathrooms and a five stance pit latrine at Kikolimbo HCII	Zion Group of Companies	46,997,770	8,994,579
Construction of maternity ward at Kikolimbo HCII (retention)	Zion Group of Companies	55,950,900	2,797,545
Construction of Bananywa HCII	MJK Investments Limited	90,000,000	66,833,545
Construction of OPD at Ntwetwe HCIV	Wava Investments Limited	58,938,145	11,251,357
Construction of Katalama HCII	Mplamb Construction Services	90,000,000	27,000,000

Source: Field findings

Physical Performance

Construction of the OPD at Ntwetwe HCIV had been completed. The OPD at Bunanywa HCII had been roofed and plastered while the staff house at Kikolimbo HCII had been completed.

OPD at Ntwetwe HCIV

OPD at Bananywa HCII

Challenges to Health Care Delivery in the District

Late releases: For a period of over two quarters during the FY 09/10, the district did not receive any PHC funds from MoFPED. The funds for the third quarter were only received at the beginning of the fourth quarter. Delayed releases have affected service delivery including immunization, outreaches, and collection of blood samples from health centres.

KOBOKO DISTRICT LOCAL GOVERNMENT

The District received UShs 546,897,000 for FY 09/10 for PHC capital development and PRDP. The following activities were scheduled for FY 2009/10: construction of a staff house at Chakulia (UShs 45,164,000); latrines at Dranya HCIII, Pamudo HCII and Ayipe HCIII (UShs 22,911,000); an OPD at Chakulia (UShs 67,395,000); a maternity ward at Ayipe HCIII (UShs 100,454,000); a maternity ward at Dranya HCIII (UShs 150,454,000); the district drug store (UShs 55,214,000); and renovation of an OPD at Ombokof HCII (UShs 10,750,000).Under the traditional primary health care, the district planned to construct a maternity ward at Dricile HCIII .

Financial Performance

Table 3.4.12: Financial Performance Report for PHC Capital Development, Koboko

Name of the Project	Contractor	Contract sum	Payments to date
Construction of 3 latrines at Dranya, Pamodo and Ayipe Health centres	Kurere Contractors	22,909,334	16,494,721
Construction of a staff house at Chakulia	Alli and Sons Contractors	46,186,334	0
Construction of a staff house at Dranya HCIII	Maways Limited	46,186,334	0
Construction of a staff house at Ayipe HCIII	Bomak	45,999,850	0
Construction of OPD at Chakulia HCII	AG Swaib	67,494,598	33,438,842
Construction of a maternity ward at Ayipe	Abiriga H	102,764,140	49,327,168
Construction of a maternity ward at Dranya HCIII	Honest MK	98,144,400	26,498,870
Construction of district drug stores	Top care Limited	53,085,639	0

Construction of maternity ward at Dricile HCIII	Magtech Limited	120,899,988	20,167,599
Total			145,927,200

Source: Field findings

**PHC capital development projects

Physical Progress

By the time of the monitoring visit 1 June 2010, the construction of a maternity ward at Dricile HCIII was at roofing stage. The construction of the maternity ward at Ayipe HCIII was at roofing stage works having commenced on 21 February 2010. The staff house at Ayipe HCIII was at walling stage, roofing and outside plastering had been completed and the contractor was fitting windows and door flames. The construction of the district drug store was at window plate level while the maternity ward at Dranya HCIII was at roofing stage.

Maternity ward at Dricile HCIII

Maternity ward at Ayipe HCIII

Drug store, District HQs

MARACHA –TEREGO DISTRICT LOCAL GOVERNMENT

The District received UShs 462,023,000 for PHC capital development and PRDP for FY 2009/10. The district planned to undertake the following activities: construction of semi-detached staff houses at: Chilio HCIII, Andelizo HCII, a maternity ward in Kamaka HCII (80,000,000); and a staff house at Etie HCII (50,000,000). The district further planned to construct a staff house at Loinya HCII (50,000,000); and placenta pits at Tara HCII, Kijomoro HCII, Nucu HCII, and Odupi HCII as well as a mortuary in Omugo HC IV (UShs 30,000,000).

Financial Performance

Table 3.4.13: Financial Performance Report for PHC Capital Development, Maracha Terego District

Name of the Project	Contractor	Contract sum	Payments to date
Construction of a semi detached staff house at Chilio HCII	Amazing Grace	52,500,000	0
Construction of a semi detached staff house at Andelizo HCII	Stratagem Limited	52,500,000	31,611,592
Construction of mortuary at Omugo HCIV	Magtech Construction	25,475,120	0
Construction of staff house at Odupi HCII		-	0
Construction of Staff house at Itia HCII	Abiringa Hassan enterprises	53,848,599	51,156,170
Construction of a staff house and Kitchen at Loinya HCII	Gibo Cheap stores	56,842,497	14,004,662
Construction of Nyadri HCII (finishes work and retention)	Ms Gibo Cheap stores		30,232,236
Completion of theatre at Omugo HCIV (finishes and Retention)	HT Alli and Sons		11,764,607
Retention on construction of staff house at Wandi/Oninia HCII	AG.AHB Swaib and sons	45,000,000	2,250,000
Construction of Placenta Pits at Tara HCII, Kijomoro HCII, Nucu HCII, Odupi HCIIs	Maways Construction company	13,200,000	12,540,000
Construction of semi detached staff house at Chilio HCIII	Amazing Grace	52,500,000	13,016,805
Construction of maternity ward at Kamaka HCIII	AG.AHB Swaib and Sons	77,250,300	13,401,935
10% monitoring of projects			23,123,200
Total			203,101,207

Source: Field findings

Physical Performance

Sites for physical verification of progress were randomly selected. By the time of the monitoring visit on 2 June 2010, construction of the semi detached staff house and kitchen at Loinya HCII was at excavation stage while a staff house at Etia HCII was at ring beam. At Ajikoro HCII works had not commenced which was contrary to the report of the District Health Officer.

Staff house at Loinya HCII

Staff house at Etie HCII

Challenges to Health Care Delivery in the District

Absense of a District Council: The district does not have a council to institute statutory bodies like the contract committee and the District Service Commission. This delays the procurement of contractors by the district. The district often relies on the district council of Arua which derails implementation of Government programs in Maracha-Terego.

Late releases: Funds for the third quarter were released at the end of March 2010, the end of the quarter. Such delays partly explain the low absorption capacity of the district.

MITYANA DISTRICT LOCAL GOVERNMENT

The district received a total of UShs 121,276,000 from July 2009 to March 2010 for PHC capital development. The following capital development activities were scheduled for FY 09/10: construction of a maternity ward at Bulera HC III (UShs 90,000,000), and completion of the staff house at Namungo HC II (UShs 35,565, 320). Under the Local Government Managerial and Service Delivery Program (LGMSD), the district planned construction of one staff house at Kalangalo HCII (UShs 31,656,620) and completion of a staff house at Mwera HC III (UShs 53,965, 862).

Financial Performance

Table 3.4.14: Financial Performance Report for PHC Capital Development, Mityana District

Name of the Project	Contractor	Contract Sum (UShs)	Payments as at 24 May 2010 (UShs)
Construction of a maternity ward Bulera HCIII-Phase I	Kiyinda Carpentry Workshop	90,000,000	43,439,700
Completion of construction of staff house at Namungo HCIII**	MK Constructors and Engineering company	35,565,320	29,177,466
Renovation of laboratory at Mityana hospital***	Butambala General Traders	7,786,537	7,357,510
Completion of a staff house at Mwera HCIV	Kakindu Contractors	53,965, 862	50,524,372
Construction of a staff house at Kalangalo HCII	Kiyinda Carpentry Workshop	31,656,620	0
Total		165,008,477	130,499,048

Source: Field findings

** Activity of FY 2008/09,

*** Activity funded by LGMSD, MoLG

Physical Performance

By the time of the monitoring visit on 24 May 2010, the construction of the maternity ward at Bulera HCIII was had been roofed, plastered and painted. This maternity ward is to be constructed in phases with the first phase involving the construction of the super structure. The staff house at Namungo HCIII was near completion. The staff house at Kalangalo HCII had been roofed.

Staff house at Namungo HCIII

Maternity ward at Bulera HCIII

Staff house at Kalangalo HCII

Challenges to Health Care Delivery in Mityana District

Low staffing levels: The district has low staffing levels. The two recent recruitment drives only attracted 2 laboratory assistants, 13 enrolled midwives and 25 enrolled nurses. The district was not able to attract a single medical doctor.

Drug stock outs: The district continues to experience persistent drug stock outs. These arise partly due to late and under deliveries by the National Medical Stores. For instance Kagandalo HCII on 18 May 2010 received 1 tin each of paracetamol, Aspirin, Amoxyl capsules, and Septrin, 700 condoms and 30 tubes of Tetracycline eye ointment. The health centre did not receive any anti-malarials. A week later on 24 May 2010 at the time of the monitoring visit, most of the items delivered were out of stock. A subsequent delivery was expected two months later.

Poor health Infrastructure: Health facilities in the district are in dire need of repairs. Taking the example of Mityana Hospital, the facilities are dilapidated and over congested by the ever increasing population seeking services.

MUBENDE DISTRICT LOCAL GOVERNMENT

The district had received UShs 149,222,000 for PHC capital development for FY 2009/10. The following activities were planned to be undertaken during FY 09/10: construction of a maternity/general ward at Kiganda HCIV, a maternity ward at Kikandwa HCII, a maternity ward at Mundadde HCII, and latrines at Kibalinga HCIII.

Financial Performance

Table 3.4.15: Financial Performance Report for PHC Capital Development, Mubende District

NAME OF PROJECT	CONTRACTOR	CONTRACT SUM	PAYMENTS
Construction of Maternity ward at Mundadde HC II	Munsa Enterprises	49,897,000	-
Construction of maternity ward at Kikandwa HCII	Kitongo Farmers and Construction Limited	49,587,000	12,472,550
Renovation of a maternity ward at Kassanda HC IV	Chaka and Brothers Carpentry Workshop	9,900,000	-
Procurement of medical equipment	National Medical Stores	39,838,000	-
Total			12,472,550

Source: Field findings

Note that the only UShs 12,472,550 out of UShs 149,222,000 disbursed to the district during FY 09/10 had been spent by the time of the monitoring visit on 24 May 2010 (8.4%). The low absorption is a result of contractors taking on several contracts coupled with delays to award contracts.

Physical Performance

By the time of the monitoring visit 24 May 2010, construction of the general ward at Kiganda HCIV had stalled. It was reported that the contractor was undertaking several works simultaneously and had been overstretched and consequently unable to carry out scheduled works. The staff house at Kibalinga HCIII had been completed while the contract for construction of maternity ward at Mundadde HCII had just been awarded.

Stalled General ward, Kiganda HCIV

Challenges to Health Care Delivery in the District

Slow progress by the contractors: There are few contractors handling several contracts both with and outside the district. As a result, the progress of works at all sites is very slow. This situation has resulted into low absorption capacity on the side of the district.

Lack of supervision: The district officials reported they receive no funding for supervision of capital development grants. The works department too does not have adequate funds for supervision and often request for allowances from the health department. Often funds have to be sourced from the PHC non wage releases which are often constrained. As a result works are undertaken without supervision which usually explains the instances of shoddy works by contractors.

Drug Stock-outs: Drug stock outs are rampant in the district due to late delivery of drugs. In addition instances where NMS supplies drugs not requested for by the district were reported. In May 2010, NMS supplied chloroquine tablets for treatment of malaria yet government policy shifted from monotherapies to ACTs since 2005. Several other health facilities in the districts received no drugs because they were not on the NMS distribution list. Some health facilities reportedly do not receive any drugs even after orders are placed.

Inadequate staffing levels: The staffing levels at the district stood at 28% of the establishment. The levels dropped from the previous 47% after upgrading Mubende hospital to regional referral status. By the time of the monitoring visit in May 2010, MoPS and MoFPED had not yet disaggregated payrolls for the hospital and the district which made it difficult for the hospital to hire additional staff. The current wage ceiling of UShs 1.4 billion includes staff now working at the Referral Hospital.

NAMUTUMBA DISTRICT LOCAL GOVERNMENT

The district received UShs 168,319,000 for PHC capital development from July 2009 to June 2010. The following activities were scheduled for FY 09/10: completion of a staff house and construction of two staff pit latrines at Magada HCIII, completion of a maternity ward at Nabisogi HCIII and construction of an OPD at Bulange HCIII.

Financial Performance

Table 3.4.16: Financial Performance Report for PHC Capital Development, Mubende District

PROJECT	CONTRACTOR	CONTRACT SUM (UShs)	PAYMENTS TODATE IN UShs	
			FY2008/09	FY2009/10
Construction of a maternity ward, placenta pit and pit latrine at Nabisogi HCIII	Exodus Procurement and Logistics Limited	137,890,406	57,867,406	70,519,649
Partial construction of OPD at Bulange HCIII	Sonsole General Contractors	50,015,480	0	22,955,591
Construction of a staff house and two staff pit latrines at Magada HCIII	Sterio Construction Company Limited	52,807,299	26,619,760	23,547,168

Source: Field findings

Physical Performance

By the time of the monitoring visit on 21 June 2010, the contractor at Nabisoigi HCIII was fixing inside doors and furniture in the ward, the OPD at Bulange HCIII was at roofing level while the staff house at Magada HCIII had been completed as shown below.

Maternity at Nabisoigi HCIII

OPD at Bulange HCIII

Staff house at Magada HCIII

Challenges to Health Care Delivery in the District

Lack of transport facility: The district health office (DHO) does not have an official vehicle to enable it undertake both administrative and managerial work by the district. Lower health facilities lack motorcycles and bicycles to enable health workers carry out outreaches.

Lack of office space: The DHO's office does not have adequate office space and currently the health staff are housed in other departments. In addition, the district does not have a drug store which is a risk to safe storage of medicines.

Poor Health infrastructure: Due to the limited financing, the district has not been able to rehabilitate health infrastructure in the district. The priority has been to rehabilitate HCIVs and HCIIIs leaving HCIIs utterly dilapidated.

Inadequate Human resources: Staffing levels in the district are estimated at only 39% of the establishment. The District has no Medical Doctors at Nsinze HCIV and no laboratory technicians within the district. The District realized a slight increase in its wage bill for FY 2010/11 and will accordingly recruit additional staff.

Inadequate drugs: The drug supplies by NMS were reported to be far lower than the need. Related to the low supplies is an emerging practice of the communities rushing to pick drugs once delivered by NMS. Because of lack of disease diagnostics capacity, most are treated presumptively. It was also reported that NMS delivers drugs without allowances for off-loading. Where districts mobilize labour to off-load they have to incur drug management costs—yet they do not have any funds for such costs—following the centralization of drug procurement under NMS. The drug Kits by NMS for distribution of drugs (push system) to HCII and HCIIIs were developed without due consideration of basic drugs required by the health facilities.

NEBBI DISTRICT LOCAL GOVERNMENT

The district received UShs 649,955,000 for PHC capital development and PRDP for FY 2009/10. The district planned to undertake the following capital development activities during FY 09/10: Under PHC the activities included: renovation of the theatre at Pakwach HCIV, construction of new OPD at Mukhale HCII and a staff house at Mukhale HCII. Under PRDP, the following activities were scheduled: construction of semi detached staff house in Parambo HCIII, an OPD and semi detached staff house at Pagwata HCII; staff house at Pachora HCII, construction of staff house in Zombo HCIII, a kitchen and staff house at Paminya HCII. Other activities included: construction of staff house at Kituna HCII and staff house and kitchen at Kikobe HCIII, a semidetached staff house at Abongo HCII, a staff house at Anwoll HCII; and asemidetached staff house at Pukwello HCII.

Financial Performance

Table 3.4.17: Financial Performance Report for PHC Capital Development, Nebbi District

Project	contractor	contract sum	payments to date
Construction of a semidetached staff house at Paminya HCII	Hassan and Sons Business LTD	53,913,919	14,655,617
Construction of a health care waste pit at Pagwata HCII	E&B Construction Company	3,500,000	3,150,000
Acquisition of land titles	Terrain Consult	105,128,130	820,000
Rehabilitation of Paidha HCIII	KG Adubango Construction and Engineering Works Limited.	185,147,000	37,029,400
Construction of a semi detached staff house at Pachora HCII	River Shore Trade Links Construction Works	55,837,698	7,752,590
Construction of semi detached staff house at Kikobe HCII	Jagon Construction Company Limited	55,977,588	21,067,928
Construction of a semi detached staff house at Kituna HCII	GL Yesu Nuti Construction and Engineering Works Limited	65,000,000	17,007,629
Construction of OPD at Pagwata HCII	Hassan and Sons Business Ltd	64,929,449	11,250,855
Construction of a semi detached staff house at Abongo HCII**	God's will Construction and Engineering Limited	63,763,550	60,575,373
Construction of a semidetached staff house at Therur HCIII**	KG Adubango Construction and Engineering Works Limited.	63,763,550	60,575,371

Source: Field findings

*** Paid using funds retained from FY 2008/09*

Physical Performance

By the time of the monitoring visit 31 May 2010, the semi-detached staff house at Abongo HCIII had been completed. However the structure had several defects for example all the doors and windows could not lock. Several cases of thieves breaking into the staff houses were reported. Construction of the OPD at Pagwata HCII was at ring beam level while the foundation was at excavation level. The staff house at Kikobe HCII was at ring beam level while the renovation of the OPD at Phaida HCIII had not commenced.

OPD at Pagwata HCII

Staff house at Abong HCII

Staff house at Kikobe HCII

Kitchen at Abong HCII

OPD at Pagwata HCII

Staff house at Pagwata HCII

Challenges to Health Care Delivery in Nebbi District

Inadequate Drugs: The district health officer acknowledged the improvement in performance of NMS over the last two FYs but decried the persistent delays to distribute drugs and under deliveries. It was reported that in a recent delivery of May 2010 some health facilities did not receive any drugs while others received a few doses of key items.

Procurement delays: The process of procuring contractors took long after protracted discussions within the district, MoH and Office of the Prime Minister and delays to disburse funds by MoFPED especially for the third quarter ended March 2010.

Lack of funds for monitoring and supervision: In the PRDP component there are no funds for monitoring and supervision of the projects which makes routine monitoring difficult by the Engineering department.

RAKAI DISTRICT LOCAL GOVERNMENT

The district received UShs 213,565,000 for PHC capital development for FY 09/10. The district planned to undertake the following activities: construction of a maternity ward at Kalisizo Hospital (UShs 64,000,000), completion of an OPD at Kasensero landing site (UShs 45,000,000) construction of an OPD at Kyalurangira HCIII and procurement of medical equipment (UShs 59,562,000).

Financial Performance

Table 3.4.18: Financial Performance Report for PHC Capital Development, Rakai District

Name of the Project	Contractor	Contract sum	Payments to date
Construction of OPD at Kasensero HIV/AIDS Care Services HCII	Solumu Contractors	45,000,000	28,566,276
Construction of Maternity ward at Kalisizo Hospital	Solumu Contractors	64,000,000	43,702,016
Construction of staff house at Kyalulangira HCII	Wanaik Construction Company Limited	38,002,300	0
Procurement of medical equipment	Byansi Services Limited and Joint Medical Stores	59,563,000	49,947,930
Total			122,216,222

Source: Field findings

Physical Performance

By the time of the monitoring visit 8 June 2010, the maternity ward at Kalisizo Hospital had been roofed and plastering was ongoing. The team visited Kasensero HCII at Kansensero landing site where Solumu Contractors was said to have been paid. The staff at the facility were new and had no information about the contractors. Local residents who preferred anonymity reported that the OPD was over 3 years old with no construction works in the recent past. It was further reported that the facility had been constructed by an association of people living HIV/AIDS and not the district.

Maternity ward at Kalisizo Hospital

OPD at Kasensero HCII

Challenges to Health Care Delivery in the District

Shortage of medicines and supplies: the district continues to experience shortage of medicines and supplies as a result of delays by NMS to supply drugs in addition to underfunding of the credit line. Some of the health facilities had not received any drugs from NMS during the second and third quarters of FY 09/10 including: Kirumba HCIII, Byerima HCII and Michungiro HCII. This was reportedly due to the fact that these health facilities are not in the NMS database. The District wrote to NMS in January 2010 requesting to have the 3 health centres included on the list of public health facilities in the district but had received no response as of 8 June 2010.

Delayed release of funds: Funds for third quarter FY 2009/10 came late which affected service delivery especially in hospital and other recurrent programs in the district. The funds were later released in the beginning of the fourth quarter.

Inadequate funding: The budget allocation for the hospital has remained constant although the utility bills for both water and electricity are ever increasing and this has constrained service delivery in the district.

Lack of transport: The health department has only one running vehicle; there is no ambulance in the district. Health facilities lack motorcycles and bicycles to carry out preventive health care including immunization.

RUKUNGIRI DISTRICT LOCAL GOVERNMENT

The district received UShs 182,174,000 for PHC capital development from July 2009 to June 2010. The district planned to undertake the following activities: completion of OPD at Ngoma HCII, construction of Bwanda HCII, completion of Katwekamwe HCII, and extension of OPD to include a maternity at Rubanga HCII.

Financial Performance

Table 3.4.19: Financial Performance Report for PHC Capital Development, Rukungiri District

Project	Contractor	Contract sum	Payments to date
Construction of OPD at Ngoma HCII	Tesla Engineering Company	16,676,135	15,969,047
Construction of OPD at Katonya HCII	Tumukunde Dennis Enterprises	46,255,085	32,043,789
Construction of Rubanga HCII	Katungi John Contractors	38,243,800	9,560,950
Construction of Bwanda HCII	Parkline Technical Services	42,400,166	37,872,869
Completion of Katwekamwe HCII	Kyebuka General Enterprises	31,017,952	21,074,150

Source: Field findings

Physical Performance

By the time of the monitoring visit 30 June 2010, the construction of the OPD at Katwekamwe HCII was in its final stages. It had been roofed, plastered, windows fitted and other finishing works were ongoing.

Contracts were awarded late for most of the projects and not much had been done at the other specified sites.

OPD at Katwekamwe HCII

Challenges to health care delivery in the district

Inadequate Human resources: The district is building health centers to improve equity and access but there is a restriction on recruitment. They just re organize the available staff and send them to the new health centers. The situation was worsened when the town council was elevated to a municipal council and the available staff were divided among the municipal council and the district on a 50% basis.

Drug stock outs: The district has been experiencing stock outs of drugs for about one and half months. The allocated drugs normally take them for only three quarters of the expected time. This was attributed to the high OPD attendance and absence of diagnostic services at HCIIs. When the district used to have the rapid test kits the drug consumption level reduced from an average of 20,000 per month to 4000 per month.

Late priorities from MOH: Ministry of Health sends priorities to the district in the middle of the year when the district has already began on the procurement process for the priorities that were passed by the council. Many times there is a clash between district agreed priorities and those that are sent by Ministry of Health.

SEMBABULE DISTRICT LOCAL GOVERNMENT

The district received UShs 140,514,000 for PHC capital development for FY 2009/10. The district planned to undertake the following activities: construction of a staff house at Rwebitakuli HCIII, completion of the DHO's office, the OPD at Kabale HCII, a water tank and an underground water tank in Rwemiyaga HCIII and AN underground water tank at Sembabule HCIV.

Financial Performance

Table 3.4.20: Financial Performance Report for PHC Capital Development, Sembabule District

Name of the Project	Contractor	Contract sum	Payments to date
Construction of a staff house at Rwebitakuli HCIII	Ever Trust Builders and Contractors	49,900,000	35,135,437
Construction of a ground water tank at Sembabule HCIV	Taba Services	18,516,212	17,054,182
Construction of a water tank and a ground water tank at Lwemiyaga HCIV	Cape Contractors Limited	19,891,700	0
Construction of OPD at Kabale HCII	Cape Contractors Limited	28,000,000	0

Source: Field findings

Physical Performance

Staff house at Lwebitakuri HCIII

By the time of the monitoring visit on 7 June 2010, the underground water tank at Sembabule HCIV had been completed while the staff house in Rwebitakuli HCIII had been roofed and outside plastering was ongoing.

Challenges to Health Care Delivery in the District

Understaffing: The staffing level in the district currently stands at 32% of the establishment. Such low staffing levels stretch the existing staff too thin to provide any quality health care. At the time of the monitoring visit on 7 August, the district had submitted its recruitment plans to MoH and MoPS under which they anticipated to raise staffing levels to 65%.

Inadequate transport facilities: Most of the lower level health facilities in the district (HCII and HCIII) do not have any functional transport facilities including motor cycles and bicycles. As a result provision of outreach services by health centres is severely constrained.

Lack of accommodation facilities: Most of the health centers in the district do not have staff houses. As a result, some staff reside in Outpatient departments for example at Rwebitakuli HCIII.

Poor drug management: The District Health Officer decried the delays by NMS to deliver drugs. It was also highlighted that the recently introduced push system of drug kits by NMS has several shortcomings. Chief of these is the concern that health centres are getting drugs that they do not require and few quantities of very essential drugs like anti-biotics and anti-malarial drugs.

TORORO DISTRICT LOCAL GOVERNMENT

The district received UShs 316, 498,000 for both PHC and PRDP capital development from July 2009 to June 2010. The following activities were to be undertaken: construction of an OPD at Osia HCII, an OPD at Were HCII, an OPD at Chawolo HCII, completion of a maternity ward at Panyangasi HCIII, construction of staff house at Namwaya HCII, a ward at Nagongera HCIV, a staff house at Kayoro HCII, a staff house at Ligingi HCII, a maternity unit at Kirewa HC III and construction of staff house at Mukuju HCIV (PRDP).

Financial Performance

Table 3.4.21: Financial Performance Report for PHC Capital Development, Tororo District

Project	contractor	contract sum	Payment to date
Construction of staff house and two stance pit latrine at Namwaya HCII*	KATZ and Limi International	57,536,992	20,370,222
Construction of OPD at Chawolo HCII*	Helma Amalgamated Ventures limited	95,467,192	5,573,376
Construction of staff house and two stance pit latrine at Kayoro HCII*	Kanyoutu General Enterprises limited	57,934,092	5,123,088
Construction of a maternity ward at Kirewa HCIII	Mugweri and Sons Limited	82,756,155	73,070,060
* Payments out of FY 2008/09 funds			

Source: Field findings

Physical Performance

By the time of the monitoring visit 23 June 2010, the OPD at Chawolo HCII and the staff house at Namwaya HCII were both at roofing stage; construction of a staff at Namwaya was at roofing stage. The construction of a maternity unit at Kirewa HCIII was complete but not yet handed over, while the construction of the staff house at Mukujju HCIV was at roofing stage. Contracts were recently awarded for the construction of OPD at Osia HCII and an OPD at Were HCII.

OPD at Chawolo HCII

Maternity ward at Kirewa HCIII

Challenges to health care delivery in the district

Inadequate transport: It was reported that health facilities do not have adequate bicycles and motor cycles to enable them carry out community outreaches.

High Utility Costs: Utility costs especially water and electricity are ever increasing in the district hospital and at the three HCIVs in the district yet funds for recurrent expenditure have not increased.

Inadequate human resources: There is an acute shortage of medical doctors in the district. It was reported that there are only two medical doctors at Tororo hospital against an establishment of 7 medical doctors. The staffing levels stand at 44.7% of the establishment.

3.5 INDUSTRIALIZATION

3.51: Introduction

Industrial development is an integral and important part of the Government's overall development strategy. This development strategy is to be achieved by transforming Uganda into a modern and industrial country through, among other things; adding value by processing to reduce post-harvest losses and increasing exports of higher value products, especially from agricultural and mineral resources.

Processing of primary commodities has long been considered one of the bridges from dependence on primary commodities to industrialization and development.[98] The activities involved include rising up the chain from raw outputs to processed outputs such as instant coffee from unprocessed coffee, tinned juices from fruits, leather from hides and skins, paper pulp or furniture instead of logs among others.

Industrialization offers greater prospects for increased employment, more export earnings, wider tax base, increased purchasing power, increased integration with agriculture, product diversification, greater efficiency, and technical skills for modernization and higher productivity throughout the whole economy.[99]

Scope

Physical and financial monitoring during the fourth quarter 2009/10 focused on activities undertaken by Uganda Investment Authority (UIA) Uganda Industrial Research Institute, Uganda National Bureau of Standards and Ministry of Finance, Planning and Economic Development (MFPED).

Under the Ministry of Finance, Planning and Economic Development (MFPED), monitoring covered the Value Addition Tea Industry (Buhweju Tea Factory) in Bushenyi district and the Presidential Initiative on Banana Industrial Development; under UIA, progress on development of Mbarara Gatsby Park was monitored while for Uganda Industrial Research Institute (UIRI), establishment of the fruit processing plant in Mpigi, civil works at headquarters and procurement and installation of equipment were monitored. Status of construction of UNBS headquarters at Bweyogerere was monitored.

Methodology

Projects were selected on the basis of capital investment, planned outputs and funds released as of fourth quarter of FY 2009/10.

Financial data for the projects visited was sourced from the Integrated Financial Management System (IFMS) and the FY 2009/10 quarterly progress reports. Progress on implementation was assessed by observation and interviews with the project officials while comparing with the quarterly progress reports.

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[98] The Courier ACP-EU n° 196, January-February 2003

[99] National Industrial Policy (Jan.2008)

3.5.2 Ministry of Finance, Planning and Economic Development (MFPED)

Value Addition Industries

(a) Buhweju Tea Factory

Igara Growers Tea Factory is the promoter of Buhweju tea factory, Igara tea factory limited was established in 1969 by the government of Uganda as part of Small holder Tea Development Programme, having earlier established Uganda Tea Growers Corporation (UTGC) in 1969 by an Act of Parliament. It's mandate was to promote tea production by the smaller holder farmers, establish tea factories and ultimately hand them over to the smaller holder tea farmers' group.[100]

Igara Growers Tea Factory was privatized in 1995 and is 100% owned by smallholder tea farmers numbering over 2,900 as shareholders. The factory has a processing capacity of 56,000kg green leaf per day. In 2007, the average leaf delivered was 60,000kg, with some days recording 120,000kg (on peak days), 45% of the leaf is from Buhweju, and therefore, supply of green leaf is beyond the factory processing capacity.

The establishment of the new tea factory is premised on the enormous production potential from Buhweju as a result of available land, new planting over the last six years, government's intervention in the sector and planting of high yielding colonal varieties of tea.[101]

The Buhweju Tea Factory is a four year project (July 2008 to July 2012) aimed at building a tea factory at Burere, Buhweju County, Bushenyi District.

Government through the Ministry of Finance, committed funds to the building of the factory complex and additional buildings to facilitate its operation. A memorandum of understanding to this effect was signed between GOU and the promoter (Igara Growers Tea Factory).

Objectives of the project

- Establish a tea factory for processing the green tea leaf produced by farmers from Buhweju,
- To increase and sustain the benefits to farmers in the area from tea growing and reduce poverty by improving household incomes.

Planned outputs

A new factory building built, new offices and staff houses built, processing machinery including grading, packaging and storage procured and installed, power and water infrastructure developed, high quality green leaf collected and processed.

Financial Performance

[100] Public Investment Plan (PIP) FY 2009/10-2011/12

[101] Progress report Igara growers Tea Factory(Sept. 09)

The total project cost is US$ 7.44million. The project is expected to be jointly financed as follows; GoU Grant of US$3.2 million[102], Bank loan of US$2.805 million and residential building and working capital by Igara Growers Tea Factory of US$ 1.43 million.

With effect from FY 2008/09, GoU undertook to disburse its grant to the project on an annual basis amounting to UShs. 1,601,000,000/= per year. In FY2009/10 a total of UShs. 1,601,000,000/= were budgeted. It was reported that as of November 2009, all the funds budgeted for by GoU for the two financial years had been disbursed and received, reflecting a 50% of GoU grant release to the project (UShs. 3,202,000,000) and 100% release of the annual budget for FY 2009/10.

Financial Status at the time of monitoring

During the monitoring visit, (19th May 2010), the contractor had raised three certificates of which two had been cleared.

Quarter three planned expenditure was UShs.1,338 million and actual expenditure stood at Ushs. 730.9 million. This variance is reportedly a result of heavy rains leading to low productivity on the part of the contractor during the months of March and April 2010.

Annual Planned Output Targets FY 2009/10

All the structural works leading to construction of factory building, boiler house, firewood shed, generator house, administrative block, input store, motor vehicle garage, kitchen and dining embarked on.

Physical Performance

Main processing plant

All column bases had been cast, hard core placed ready to receive concrete, shattering for the entire structure had been completed. It was reported that fabrication of steel for the superstructure was on going off the site and was near completion. Deliveries were expected by the 30th day of May 2010.

Main plant slab, administration block and kitchen house at Burere-Buhweju

[102] Public Investment Plan (PIP) FY 2009/10-2011/12

Other works

Floor concrete had been cast and walls erected on office block. Floor concrete was cast on garage, boiler house, inputs store, generator house and fuel wood shed.

The overall physical progress was estimated to be at 45%, with most of the ongoing works at the administration block.

It was further reported that the board of management was progressing with the loan application for procurement of the factory equipment.

Challenges

The state of roads from Bushenyi to Burere-Buhweju (40km) was raised in the second quarter monitoring (2009/10) report as a major obstacle to smooth transportation of materials and equipment to the site. This situation has been made worse by the rains making transportation of materials to the site more expensive and almost impossible in some cases.

The existence of unstable soils on site called for extra time on the side of the contractor

Recommendation

The promoter and MFPED should liaise with Uganda National Roads Authority to urgently re-gravel the Bushenyi – Buhweju road to ease transportation of materials and equipment.

(b) Presidential Initiative on Banana Industry

Background

Commissioned in 2005, the Presidential Initiative on Banana Industrial Development (PIBID) is a pilot project premised on the theory that rural farmers with access to science-led-processing and value addition enterprises will be able to rapidly access profitable market chains that supply local, regional and international markets resulting into increased household incomes. The overall goal of the initiative is to kick start a pilot industry in banana value addition.

Project objectives:

- Establish benchmarks; build capacity for rural farmers in new production technologies and agronomic practices;
- Ascertain sustainable processing of quality market driven Matooke products;
- Link rural farmers to favorable micro-financing mechanisms;
- Establish reliable supply chain models linking farmers to profitable market outlets;
- Assess project impact on environmental sustainability and overall economic wealth;
- Transform the Bushenyi Technology Business Incubator (TBI) into a Banana Industrial Research and Development Centre (BIRDC);
- Promote entrepreneurship in private sector and training at public institutions through establishment of an Industrial Technology Park (ITP).

The project expected outputs

A state of the art rural based banana processing industry at Nyaruzinga-Bushenyi and Sanga-Kiruhura based on technology business incubator framework, a range of banana industrial – based products on the market, capacity building for market competitive banana production and value addition at all levels.

Financial Performance

PIBID is executing two major infrastructure contracts including; construction of the main processing plant, renovation of office buildings and construction of a resource centre at Nyaruzinga-Bushenyi. The contract was awarded to M/s Dott Services Limited at a contract price of UShs. 23.3 billion and implementation of an irrigation scheme awarded to M/s Vambeco Limited at a contract price of about UShs. 2.5 billion.

The annual approved development budget for this project FY 2009/10 is Ushs. 7,927,097,368 of which,Ushs. 9,492,823,026 had been released by the end of March 2010 representing 120% release of the annual development budget.

During the monitoring visit, it was noted that, four certificates from M/s Dott Services had been raised of which two had been cleared.

Physical Performance

Processing Plant

At the time of the monitoring visit, May 19th 2010, physical progress of major works was at 70% with activities of steel works and framing on going. Pending works included steel cladding, finishing and installations.

In an interview with the contractor, it was noted that, time extension was requested as the completion date (July 2010) for the first phase construction cannot be achieved and the client was yet to accept this request.

Ongoing Stell works at the main processing plant and administration block

Irrigation Plant

Progress of works was at 60%, with the completion of a sand filter, a main tank and eco san toilet .The pump house is at finishing stage. According to the contractor, work is still on schedule and the irrigation scheme will be fully operational in August 2010.

Water filter, pump house and water tank at the Irrigation plant

3.5.3 Uganda Industrial Research Institute

The Uganda Industrial Research Institute (UIRI) was established by a 2002 Act of Parliament under the auspices of the Ministry of Tourism, Trade and Industry (MTTI) as a government parastatal mandated to engage in activities that will result in Uganda's rapid industrialization. In order to fulfill this mandate, UIRI's core activities focus on identifying affordable technologies and applied research, business incubation, analytical laboratory services, business advisory, prototyping, industrial engineering design and development to result in the creation of new products and value-addition.

The Institute (UIRI) operates under four main departments. Three of which are technical viz Technology Development Center(TCD), Production and Industrial Processes Systems(PIPS) and Product Development(PD).The departments operate towards achieving technology transfer and adoption, rural industrialization through targeted value addition, research, development and new innovations for new marketable products.

Efforts at supporting rural industrialization are undertaken by the department of Product Development in order to establish model processing units country wide focusing on value addition.

Expected outputs

- Machines and pilot plants set-up
- Rural agro-processing small scale unit
- Skills and core competencies in industrial processing.

Financial Performance

Table: 3.5.1 UIRI Budget Performance as of 10th June 2010

Program/ Project	Output code	Item	Total Release (Q1-Q4)	Total Expenditure (Q1-Q4)	Balance
224002	065102	General Supply of Goods and Services	2,087,220,289.00	1,713,299,652	373,920,637
224002	065103	General Supply of Goods and Services	779,233,000.00	62,799,800	716,433,200
228001	065104	Maintenance-Civil works	1,737,063,000.00	1,374,618,940	362,444,060
228003	065105	Maintenance-Machinery, Equipment and Furniture	330,000,000.00	328,992,688	1,007,312

312201	065175	Transport Equipment	420,000,000.00	420,000,000	0
312202	065177	Machinery and Equipment	6,674,085,000.00	6,460,843,320	213,241,680
312204	065177	Taxes on Machinery and Vehicles	300,000,000.00	300,000,000.00	0
Total			**12,327,601,289.00**	**10,660,554,400**	**1,667,046,889**

Source: UIRI Books of accounts

Physical Performance

The table below shows the status of physical performance against annual outputs.

Table: 3.5.2 Status of physical performance against annual outputs

Output Description	Planned Outputs	Status as of 30th May 2010	Remarks
Maintenance-civil works	One Foundry,1 motor rewinding workshop, renovation of pump house and pilot plants, upgrading of food laboratory at UIRI, over hauling water system, Gel house, eastern gate at UIRI	Pilot plants: renovations are complete and a roof corridor 105m that was leaking was repaired. Food Laboratory; Upgrading of the food laboratory is yet to start. It is still at procurement level. Motor rewinding workshop; Equipment is being installed. Overhauling of the water system is in progress, with activities such as repairing leakages completed. Construction of the Gel house is at completion stage.	-Construction of the eastern gate was delayed due to procurement complexities. -Due to resource constraints, construction of a perimeter wall was deferred to next financial year. -Construction of pump house was differed to next FY due to inadequate funding
Purchase of machinery and equipment	Machinery for Newcastle vaccine Unit Foundry equipment	Some equipment has been delivered and installed; main production Equipment (incubators) have not yet arrived. Expected in the first week of June. Additional equipment for the foundry is in the final stages of procurement	The Newcastle Vaccine Unit will be used to create a vaccine that can adapt to the tropical conditions. procure

Source: Field findings

New Gel House, repaired Roof corridor and Newcastle vaccine laboratory at UIRI

Rural Agro Processing small scale unit (Nabusanke Fruit Factory)

The initiation of this project was a result of the President's pledge to support a group of women in Mpigi district who were processing juice using basic methods in early 2006. The institute was tasked to assist in setting up a modern facility with the requisite technologies and transfer of skills appropriate for juice processing in partnership with Central Buganda Diocese Mothers Union found in Kanoni Gomba on Mpigi- Masaka Highway. The Union's core activities are mainly to empower members through community development work such as undertaking income generating activities, capacity building among others**.**[103]

Field Findings

Construction of factory was completed, with processing floor area, washrooms, administration offices, gatehouse, fence and drainage. Borehole was drilled and constructions of submersible water pump done.

Equipment has been installed and the factory is waiting commissioning. Ongoing activities include paving and planting of grass around the facility compound.

Front view of Nabusanke Fruit Factory plant, installed equipment and ongoing paving

Challenge

Procurement delays: Most of the industrial equipment procured by UIRI requires international bidding which takes a lot of time over and above the financial year duration yet the resources are made available for only one financial year.

Further delays were reportedly emanating from the office of Solicitor General which sometimes delays to clear awarded contracts.

3.5.4 Uganda National Bureau of Standards (UNBS)

UNBS was established as a semi autonomous body by an Act of Parliament in 1983. UNBS mandate is: develop and promote standardization; quality assurance; laboratory testing and metrology to enhance the competitiveness of local industry to strengthen Uganda's economy and promote quality, safety and fair trade.

Expected Outputs

- Construction of UNBS head quarters
- Procure vehicles and other transport equipment

Financial Performance

At the time of the monitoring visit, the total annual release stood at Ushs 3,542,832,000/= of which 780,413,484 had been expended.

Table 3.5.3: UNBS Development Expenditure Budget FY 2009/10

Item	**Cumulative Release (Q1-Q4)**	**Expenditure**	**Balance**
Buildings	2,462,000,000	29,737,370	2,432,262,630
Vehicles	455,000,000	189,588,205	265,411,795
Machinery and Equipment	530,000,000	530,000,000	**-**
Furniture and fixture	95,832,000	60,825,279	35,006,721
Total	**3,542,832,000**	**780,413,484**	**2,732,681,146**

Source: UNBS Accounts Unit

Physical performance

Construction of UNBS Headquarters

The tender for construction of UNBS headquarters was re-advertised as a design and build project.

The evaluation of technical bids had been concluded pending the decision of the contracts to allow opening of financial bids.

Procurement of vehicles:

Evaluation of bids for procurement of four pickups, two SUVs and one car had been completed awaiting contracts committee to award this contract.

Challenges

Under utilization of funds: It should be noted that, towards the close of FY 2008/09, UNBS was cleared by the Accountant General to retain Ushs 2,585,177,229/= through letters of credit with Bank of Uganda on assumption that the resources would be used this FY for construction of the headquarter. At the close of two financial years UNBS had over five billion shillings unspent.

Delay in initiating procurements: Most of the procurements under UNBS were initiated in the third quarter of the financial year leading to delays in implementation.

The agency is **understaffed** to achieve its objectives, additional wage resources should be made available to ensure quality control and standards of goods on Ugandan market.

The agency has an **outstanding bill (arrears)** of Ushs. 1.2 billion for Pay as You Earn which the. Arrangements should be made through budget provision to clear the arrears before the accounts of the agency are frozen.

3.5.5 Uganda Investment Authority (UIA)

Industrial Parks Development

The government committed itself to a national industrial parks development program funded from budgetary provisions starting FY2008/09. The project has a time frame of five years (2008-2013) and the expected output is a minimum of twenty well serviced industrial parks in different regions of Uganda.[104]

Starting with the set up of the Kampala based industrial parks at Namanve, Bweyogerere and Luzira the process is spreading to up country towns. It is anticipated that the Kampala parks will be fully operational by 2010/11.

Objective

[104] Public Investment Plan FY 2009/10-2011/12

The importance of establishing the parks is to provide serviced areas (with roads and utilities) for home manufacturing and value addition to locally manufactured goods. Industrial parks will strengthen the Ugandan private sector to enable it play it's expected role as the engine of the country's economic growth and development, as well as create employment.

Planned Outputs

This financial year 2009/10, UIA set to achieve the following outputs under industrial parks development.

- Purchase of industrial land in Kasese, Fortportal, Arua, Kabale, Bukwo and Masaka
- Carry out Environmental Impact Assessment's (EIA) and physical planning requirements
- Procure contractors for the construction of park roads
- Procure and coordinate the provision of electricity and water in the parks
- Extend electricity from Kiwanga-Namanve to Luzira industrial estate.
- Allocate land to deserving investors and market available plots

Financing

The government took up the initiative to kick start the park development process with World Bank providing an initial US$ 26m for the Kampala Industrial and Business Park (KIBP) at Namanve.

GoU has funded the infrastructure activities in the Luzira and Bweyogerere industrial parks as well as purchased 619 acres of land in Mbale at shs.3.1bn and built up 12 acre park at Mbarara at shs.2.6bn.

Field Findings

Physical Performance

Special Economic Zones (SEZ) have been setup in Kampala Industrial and Business Park (KIBP) Namanve, Luzira, Mbarara and Bweyogere; land for two estates in Mbale and Soroti was acquired and extra land was identified in Kasese, Masaka, Gulu, FortPortal, Jinja, Bukwo, Arua and Nakasongola.

Mbarara SME Park (approx. 13 acres)

The park is located 2km from Mbarara town at Rwebishuri opposite Mbarara Army Barracks in the outskirts of Mbarara Municipality. It was formerly owned by Gatsby (u) Ltd and later transferred to Uganda Investment Authority in February 2009 which runs and manages it on behalf of the government. The park comprises of 42 workspaces that are serviced with roads, water and power and the entire land is fenced.

Planned out puts

- Installation of individual Electricity Meters

- Recruitment of a Park Manager

Field findings

SME Park Mbarara

Uganda Investment Authority hired a Park manager who runs and manages the day today activities of the park.

All work spaces were advertised in the National press and bidders were evaluated. Accordingly, eleven successful bidders were issued with bid acceptance letters and tenancy agreements for signing. Only one tenant signed the agreement while the rest under their former umbrella organization appealed to the President for a review of the process.

Most of the work spaces are officially vacant but still locked by former occupants pending a response from the office of the president on this appeal.

Challenges

1. The park still uses the bulk metering system which is characterized with problems of apportioning and clearance of bills.
2. The service provider (M/s Umeme) was reportedly too slow in providing individual meters to each unit.
3. Since the filing of an appeal to the Office of the President, the tenants continue to occupy and use utilities at the park without any payments which is affecting the collection of Non Tax Revenue to UIA on one hand and accumulation of utility bills on the other hand.

Bweyogerere Industrial Park

The 50 acre Bweyogerere Industrial Park for light and clean businesses is in advanced stages of implementation with the major investor, Bweyogere Hospital planning to begin construction soon[105].

Expected Outputs

The government allocated funds to Uganda Investment Authority to be used for construction of access roads in Bweyogerere Industrial Estate, boundary opening and construction of the

[105]Industrial Parks Update: Retrieved from: http://www.ugandainvest.com/admin/docs/kibp2.pdf

following roads; Bypass link (895m), Kyaliwajjala road (580m), First street (278m) and Second street (172m).

Findings:

At the time of the monitoring visit, boundaries had been opened and all plots (8) allocated to investors. There was no physical progress on road construction at the park as reported in the progress report.

Conclusion

- Good progress was noted in the value addition industries, with the ongoing construction of the Buhweju Tea factory, the Banana processing factory at Nyaruzinga in Bushenyi and Uganda Industrial Research Institute.
- Projects under industrial park development across the country are characterized by long implementation delays ranging from land valuation delays, compensation of squatters, securing contractors for major works, changes in project designs, inadequate staffing, and inadequate procurement and work plans among others.
- Consistent under utilization of development funds by UNBS for two financial years was noted. The agency should fast track the contract for construction of her headquarters urgently to avoid any further under spending.

Recommendation

- UIA should devise an elaborate strategy of improving performance of industrial parks development if the stipulated targets are to be achieved.
- UNBS is understaffed to achieve its objectives, additional wage resources should be made available to ensure quality control and standards of goods on Ugandan market.

3.6 Information and Communication Technology

3.6.1 Introduction

The government recognized the important role played by Information and Communications Technologies (ICT) as a tool for social and economic development.

The Ministry of ICT was established in 2006 to address ICT development in a well organized, regulated and monitored way of operation through adopting the emerging new technologies in the governance processes, a practice commonly known as e-governance. Current applications of e-governance cover areas such as e-health, e-commerce, e-learning among others.

The Information and Communications Technology sector is divided into three levels namely; Policy, Regulatory and Operational. The Ministry of Information and Communications Technology (MoICT) leads the sector. The Regulatory level is composed of Uganda Communications Commission (UCC), Broadcasting Council (BC) and National Information Technology Authority-Uganda (NITA-U). The operational level is composed of telecommunications companies, postal, Information Technology (IT) and broadcasting operators.[106]

The Ministry's mandate is to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy; sustainable, effective and efficient development, harnessing and utilization of Information and Communications Technology in all spheres of life to enable the country achieve its national development goals.

Strategic objectives of the ministry include:

- To develop information technology services such that they can significantly contribute to national development
- To promote use of information technologies in all spheres of life to enhance efficiency and effectiveness
- To increase teledensity and geographical coverage of telecommunications services with a high quality of service.
- To promote affordable rural communications
- To have in place a balanced and coordinated national and regional communications infrastructure.[107]

Scope

The fourth quarter of FY 2009/10 monitoring covered the National Transmission Backbone and E-Government Infrastructure Project which has been transferred to the National Information Technology Authority-Uganda (NITA-U). Installation sites for the National Transmission

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[106] Briefing notes for the minister of Information and Communications Technology

[107] Ministerial Policy Statement(MoICT 2009/10)

Backbone in the districts of Mbarara, Bushenyi, Kabarole, Mbale and Tororo were visited; In addition, the Ministry of Foreign affairs, Ministry of Finance and the secondary data center at Uganda Bureau of Statistics were also visited to assess the implementation of E-Government Infrastructure.

3.6.2 National Transmission Backbone and E-Government Infrastructure Project

Background

One of Uganda's strategies is to utilize Information and Communication Technologies (ICTs) to create an efficient government aimed at simplifying procedures, bringing transparency, accountability and making timely information available to all citizens.

To achieve the above, the ministry of ICT, through a concessional loan provided by the Government of the People's Republic of China has indicated two enabling priority actions namely: the establishment of the E-government Infrastructure (EGI) and the establishment of the National Data Transmission Infrastructure (NDI).[108]

Subsequently, a Commercial Contract was signed between the Ministry of Information and Communications Technology (ICT), Uganda and Huawei Technologies Co. Ltd of the Peoples Republic of China. The value of contract works for the overall proposed project including all contractors equipment, imported plant & materials, civil works and all services is USD 106,590,305 (one hundred and six million, five hundred ninety thousands, three hundred and five US dollars only).[109]

Table 3.6.1: Project Phases of EGI/NBI Project

Phases	Time Line	Cost Component 1 NBI	Cost Component 2 EGI	Total (US$)
Phase 1	6 Months	8,234,416	21,905,242	30,138,659
Phase 2	12 Months	42,484,125	8,575,000	61,059,125
Phase 3	9 Months	10,918,835	4,472,687	15,391,522
Total	**27 Months**	**61,637,376**	**44,952,929**	**106,590,305**

Source: MoICT

[108] Public Investment Plan(FY 2009/10-2011/12)

[109] http://www.ict.go.ug/index.php?option=com_content&view=article&id=69:national-data-t...(4/12/10)

Objectives[110]

- Establish a National backbone infrastructure (high bandwidth data connection) in major towns of Uganda.
- Connect all Ministries in a single wide area network
- Establish a Government Data Centre
- Establish District Information Centers

Expected Outputs

- All government ministries connected
- E-government implemented
- An optic fiber backbone transmission cable set up across the country
- District Information Center established

Technical Description

This project has two components namely: The National Backbone Infrastructure (NBI) and the E-Government Infrastructure (EGI).

NBI is intended to ensure that high bandwidth data connection is available in all major towns in Uganda at affordable rate. EGI is designed to reduce cost of doing business in government, improving communication between government agencies and thus reducing the need for officials to commute for meetings-increasing efficiency in government.

The project is implemented in three phases which are similar but only differentiated by the magnitude of the scope in term of geographical coverage.

<u>Phase 1 (168.5 km)</u>

This phase covers Kampala, Entebbe and Jinja where the headquarters of government ministries and Agencies are located. It has both NBI and EGI components i.e. High bandwidth cable (NBI) will be laid covering the districts and government institutions and agencies in the districts will be linked. The net work for phase 1 will require approximately 168.5km while the whole network will need about 2.118.64km of fiber cable.

<u>Phase 11(1.542.33km)</u>

This phase has two links. Link 1 covers the western districts starting from Masindi through Hoima, Kyenjojo, Kabarole, Kasese, Bushenyi, Mbarara up to Katuna. Link 2 covers the districts in the east and northern Uganda starting from Mbale, Kumi, Soroti through Lira up to Gulu. Its total cost is estimated at $61.1m and the implementation was to last 12 months.

<u>Phase 111(407.8km)</u>

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[110] Briefing notes for the minister of Information and Communications Technology

This phase will cover the links; (1) Kampala to Mbarara, (2) Kampala to Masindi through Luwero and Nakasongola (3) Jinja-Mbale. Its total cost is estimated at $ 15.4m and the implementation is to last nine months.

Financing

This project is being co-financed by the loan from the Chinese government and the government of Uganda. The loan Agreement for phase 1 for US$ 30m was signed by government of Uganda and the Export-Import Bank (Exxim Bank- on behalf of Chinese government) in late July 2007 and the loan became operational in late August. The project started in July 2007 and completion date for all phases is July 2012. [111]

Field Findings

The MoICT completed the implementation of Phase 1 of the project which comprises of:

(i) Connecting of five towns of Kampala, Entebbe, Mukono, Jinja and Bombo with 183 km of optical fiber cable.

(ii) Connecting of 27 ministries/government departments into a government network under the E-Government subcomponent of the programme. The total number of users connected is 347 across MDAs.

(iii) Deployment of Video Conferencing services to the headquarters of all ministries.

After the completion of phase 1, the MoICT together with the project contractor carried out Provisional Acceptance Test (PAT) to ensure that the equipment supplied are of the right specification and properly installed. Services expected after the completion of phase 1 are Voice over Internet Protocol (VOIP), Video conferencing, internet services, office automation and email services.

Table 3.6.2: Financial Performance EGI/NBI Project FY 2009/10

Annual Budget FY 2009/10 (Ush millions)	Q1-Q3.Release FY2009/2010 (million)	Cumulative expenditure by March 2010 (million)	Unspent balance by March 2010 (million)
12,900.00	2155.69	690.1	1465.59

Source: Performance contract, MoICT Q3 2009/10

Physical Performance

Data Center (Uganda Bureau of Statistics)

[111] Public Investment Plan(FY 2009/10-2011/12)

Equipment for the establishment of a data center was installed at Statistics House which houses NITA-Uganda. The center houses basic applications that were used to operationalize phase I (which included connecting ministries to Video conferencing and VoIP).

Equipment installed include; universal switching routers, universal media gateway, soft switches, universal media servers, firewalls (Eudemon 500 model), Ethernet switching system, Sun Microsystems Servers, Video Conferencing System, IBM Servers, LAN switches (for Jinja, Kampala and Entebbe), power system, a monitoring system and a battery bank. All the equipment was tested and reported to be running properly.

Servers, switches and battery bank installed at NITA-U secondary data centre

NITA-U was reportedly testing the migration of e-government services such as Integrated Financial Management System (IFMS) and Integrated Payroll and Pension System (IPPS) onto the EGI infrastructure.

To assess the functionality of the e-government infrastructure (phase 1), the monitoring team visited the Ministry of Foreign Affairs and Ministry of Finance, Planning and Economic Development.

Ministry of Foreign Affairs (MoFA)

Equipment was installed at the Ministry of Foreign affairs server room to support the VoIP and video conferencing applications. This included installation of; a universal switching router, firewall, routing switch system, VoIP equipment, VoIP Main Distribution Frame, Video conferencing Terminal, Broad band Videophone, Microphone, 9 circuits AC Power Distribution Box(VAPEL), a Sony camera, a 42” LCD TV, a battery bank and 6KVA UPS.

The telephones were installed in offices of the heads of department, directors and ministers however, they are hardly used. It was reported that officials are not comfortable with video telephones as some relate them to espionage. Therefore most of these phones were switched off.

In an interview with one of the officials, it was noted that sensitization of the EGI was not carried out leaving the entire project to work on chance; “Users have not accepted the technology thus creating white elephants and no value for money”.

Another user noted that he is the only member in his department with a video phone yet most of the communication is between him and his departmental team, he concluded that he has no one to communicate to with the facility and therefore prefers to keep the video phone switched off in order to save on energy.

Equipment installed at the Foreign Affairs ministry

Ministry of Finance, Planning and Economic Development

Like in MoFA, equipment was installed at the Ministry server room to support the VoIP and video conferencing applications. This included installation of; a universal switching router, firewall, routing switch system, VoIP equipment, VoIP Main Distribution Frame, Video conferencing Terminal, Broad band Videophone, Microphone, 9 circuits AC Power Distribution Box(VAPEL), 42" LCD TV screens and a battery bank.

In total, 21 units of Video telephones were installed in offices of the ministers, PS/ST, DST, Accountant General, Directors and a few heads of department. Four sets of Plasma screen televisions were installed in the Ministers' boardroom (2) and Accountant Generals boardroom (2).

By the time of the monitoring visit, all the phones except one were switched off. It was reported that users were initially eager to test the equipment however; most of them hardly used this technology post the testing period.

It was further reported that in some offices, the cameras were broken, covered or the video phone removed and "safely" stored in drawers. Voices of espionage through the use of video phones were reported.

With the advent of these phones, the Ministry had not realized any cost savings since most of the external communication was reportedly between landline and mobile phones while internal communication was via inter-com.

Challenges

- Although the selection of users was intended to get management buy in (Top- down approach; covering top officers in Ministries and Departments), this criteria has generally backfired and needs urgent review. The intention should be getting stakeholder buy-in.

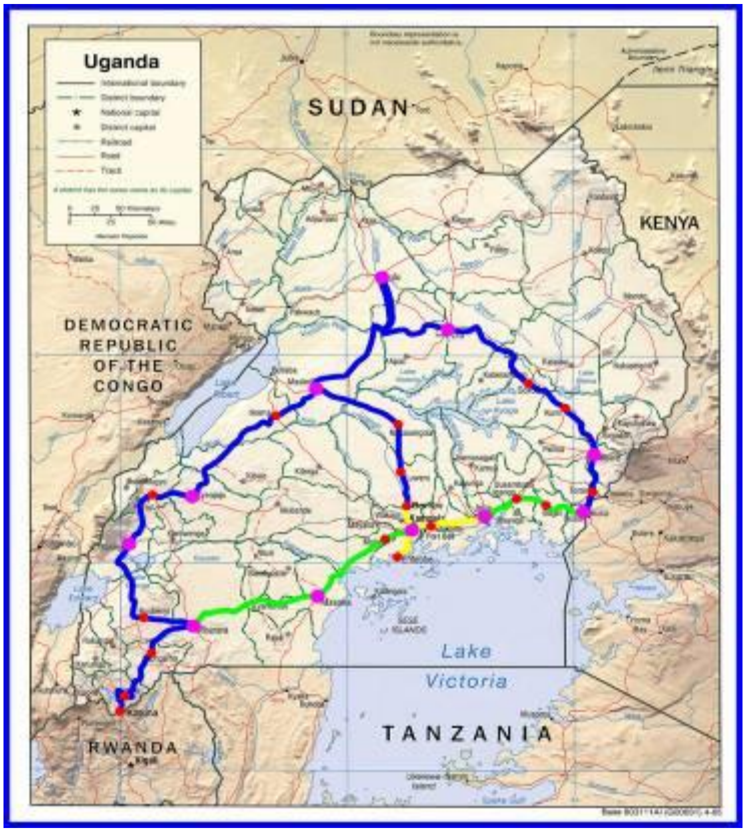
- Change in inter-governmental communication from; landline to landline communication to mobile to mobile and landline to mobile communication affects the use of the facility which is tied to the former. The introduction of Voice over Internet Protocol (VoIP) facility should be fast tracked in this respect.
- The lack of change management strategy and up-to-date ICT policy to ensure that beneficiaries are aware of the changes introduced in the business processes, identify critical user needs and address them, consensus on the benefits of the project as well as policy guidance in ensuring compliance with ICT standards generally affects implementation of this project.
- Video conferencing facilities are common platforms in geographically apart locations which is not the case with the first phase of the EGI where the furthest point (Entebbe) is within a radius of 40km. Because of the proximity between ministries and departments, users prefer physical meetings to video conference meetings. Indeed video conferencing facilities in the ministries visited were hardly used past the testing period. It should be noted that NITA-U reported a cost reduction in video conferencing within government to zero.
- The project scope covered a few users in the 27 Ministries, Departments and Agencies (MDA), on the other hand, MDAs are expected to expand the network through regular budget provisions. The ministries visited indicated that although the present benefits from the EGI are good, they are not among their current priorities, furthermore, video phones are more expensive as compared to other telephone sets.
- There is no Service Level Agreement (SLA) to ensure maintenance support for all the equipment deployed in MDAs under the EGI project. NITA-U reported that SLAs will be finalized once the entire project is completed.

National Backbone Infrastructure (NBI)

The monitoring team visited sites on the western and eastern routes under phase two implementation:

The diagram below shows the project routes of the NBI project.

NBI Transmission Routes



---Yellow:	Phase1
--- Blue:	Phase II
---Green:	Phase III

Source: NITA-U

Mbarara NBI site

Mbarara NBI facility

A structure was set up at the Uganda National Roads Authority Station in Mbarara. Equipment installed includes a generator, a fuel tank, router, switch, optical switching nods, and batteries. At the time of the monitoring visit, the equipment was pending wiring and powering the facility. A test operation of the facility with other sites could not be carried out. The equipment is situated in a secure location with security guard in place.

Bushenyi NBI site

A structure was set up adjacent to the District Local Government main building and installation of equipment was in progress. The equipment include: a fuel tank, router switch, optical switching node, and a change over switch. It was reported that once the final equipment is installed, system testing will be conducted.

Server racks, Fuel tank and generator, and structure housing the NBI site in Bushenyi

Notwithstanding the presence of night guards at the district administration, the absence of a fence behind the structure and existence of a foot path near this site renders the facility insecure.

Kabarole NBI site

A structure was set up at the post office, equipment delivered and installed. It includes a fuel tank, router switch, optical switching nods, and a change over switch. Cabling of the equipment is complete waiting powering and interconnections between racks. The facility is guarded during the day and night.

Kabarole NBI facility and mounted racks with equipment

Tororo NBI site

NBI Cables at the Tororo Site

In an interview with the postal manager, it was confirmed, that the proposed site for the NBI site was at the post office and that cables had been laid up to the proposed site.

However the facility had not yet been set up at the time of the monitoring visit and equipment had not been delivered.

Challenges

- Funding gap for extension of services to all districts: The project covers a few districts yet the entire country (central and Local governments) need e-government services.

- Lack of harmonization of ongoing projects in other sectors such as road works, water extensions among others has led to continuous damaging of laid optic fiber cables for example along Kampala –Jinja road. In the case of Kigumba-Masindi-Hoima-Kyenjojo road (238km) and Lira-Kamdini, work has stalled due to incomplete road designs and periodic maintenance respectively.

- Delayed implementation: The ICT committee of Parliament suspended works under phase two of NBI to allow an audit of the first phase and correct the anomalies in implementation of the second phase which affected the project schedule. Further still, during that period, the contractor continued with work unsupervised which created verification backlog on the side of NITA-U.

- The project has received a lot of negative publicity arising out of implementation oversights such as the lack of supervision on the side of the client; allegations of overpricing and installation of inferior optic fiber cables.

Conclusion

- The national backbone and e-government infrastructure project, which was contracted to M/s. Huawei Technologies of China, is characterized by inadequate supervision of the contractor. The first phase, costing $30 million, was investigated by the Auditor General, at the request of the Parliamentary committee on Information and Communication Technology (ICT).

- The resulting report raised questions about the way in which the contractor, Huawei, was selected to implement the project, including the pricing and laying of 2,100 kilometers of fiber-optic cable. The auditor general found there was inadequate supervision of the project by both the Ministry of ICT and the main contractor. This was further aggravated by the fact that most of the work was subcontracted by the main contractor without the input of the client. The contractor also failed to supervise the sub-contractors. This left a big question on the quality of work undertaken.

Recommendations

- Awareness campaigns and sensitization should be carried out by NITA-Uganda/MoICT so that beneficiaries appreciate the services offered under EGI/NBI and demystify the allegations of espionage.
- Implementation should address the immediate communication needs of the stakeholders such as bandwidth, Internet services, VoIP and email solutions. Implementers should consider provision of shared services; negotiate concessionary rates for landline to mobile and creation of closed user groups This will enable government agencies to separately and collectively lift their performance.
- NITA-U should urgently develop a change management strategy and constitute a change management team to counter the negative publicity and achieve the intended project benefits.
- The Ministry of ICT should review the existing ICT policy with a view of amending it to re-align E-government in the policy.
- Implementation of NBI should be properly supervised if the accruing benefits are to be achieved.
- There is no evidence of cost reduction/savings as a result of e-government infrastructure interns of reduction in telephone costs and movements from one destination to another for meetings. A study should be commissioned to evaluate the project performance and assess the level at which it has achieved the set targets in order to benchmark benefits and improve performance.

Table: 3.6.3: Summary Sector Performance

Vote Function/Key output	2009/10 Expected Achievements	Output cost Ushs.Bn	Remarks/observations
Output: 050305:Communication Infrastructure Network established in Uganda	-Complete survey of phase 11 Optical fibre routes and transmission sites. -1100km of optical fibre under phase11 installed -Design for phase111 developed -Back up equipment installed in 21 MDAs.	0.69	-Delayed implementation of activities was noted in the National Transmission Backbone and E-Government Infrastructure Project as the ICT committee of parliament stayed works to allow an audit of the first phase and correct the anomalies in

	-Design of primary data center		implementation of the second phase. -Project should be properly supervised.
Output: 050103 BPO industry promoted	-Transition framework to NITA-U development and submitted to NITA-U	0.134	
Output:050304:Technical Support on e-Government and e-Commerce provided	-Training of 6 Trainers for DBICs. -Review of operation status of the existing DBICs in preparation for the expansion of programme to other areas.		-In some DBICs, inadequate information shared among the key stakeholders was a major concern especially from the recipients of the equipment.(Lira,Rukungiri) - In future, readiness assessment for each proposed DBIC/Tele-centre should be undertaken given the unique needs of each place.
Output:050102: E-government services provided	-Monitoring reports in place -GoU website activated. -Technical guidance given to IRMIS(MoD) -Transformation of Public Servcie(MoPOS) -Northern Uganda Data centre(OPM) -UNEB computerization Draft	0.193	-Government of Uganda web portal was not activated during the year. -Other activities not monitored during financial year.
Output:050203:Logistical Support to ICT infrastructure	-Technical support provided to Uganda police on expansion of TETRA network specifically TOR and specifications. -Nakaseke wireless monitored. -National Postal code and Addressing system pilot project initiated	2.491	Implementation of wireless IP should be re-aligned with the initial objectives of achieving tele-medicine, e-commerce, e-training and overall e-governance in rural areas so that technology use makes a real impact on socio-economic development. -Tetra and postal address system were not monitored
Output: 050301: A harmonized and coordinated National Information Technology Systems	Recruitment of NITA-U Leadership(ED and Directors)		-Recruitment of staff was ongoing (an Interim Executive Director and technical officers currently steering the organization).

developed			

3.7 ROADS

3.7.1 Introduction

Roads is one of the three sub-sectors[112] under the Ministry of Works and Transport (MoWT) whose mandate is to plan, develop, and maintain an economic, efficient, and effective transport infrastructure and transport services by road, rail, water and air; manage public works including government structures; and promote standards in the construction industry.

Key institutions involved in the implementation of planned activities within the Roads sub-sector include: MoWT; the Uganda National Roads Authority (UNRA); the Uganda Road Fund (URF); district local governments, lower local governments (sub-counties) and urban councils. Other institutions outside the works and transport sector that have projects with roads subcomponents include the Office of the Prime Minister (OPM) and the Ministry of Local Government (MoLG).

a) Sector objectives

The sector strategic objectives include:

i) Develop policy, set standards, regulate and ensure compliance and monitor transport infrastructure and buildings to meet the needs of users and promote social and economic development;
ii) Plan, design and ensure construction and maintenance of well co-ordinated and efficient transport infrastructure and buildings which meet the needs of users and promote social and economic development;
iii) Develop the capacity of the local construction industry;
iv) Ensure safe and environmentally friendly transport and physical infrastructure;
v) Ensure the mainstreaming of cross-cutting issues namely: Environment, HIV/AIDS, Gender and Occupational Health and Safety (OHS) into the policies, programmes and activities of the Sector.

b) Scope of the report

The report covers input – output monitoring of selected road development projects and road maintenance programmes that were planned for implementation in FY 2009/10. It highlights the progress made on key planned activities as well as the financial performance of the Projects/ Programmes, and outlines implementation challenges identified, any arising policy issues, and recommendations.

The report specifically covers Projects monitored for performance during the first and fourth quarters and programmes monitored on a quarterly basis throughout the FY, as outlined in Table

[112] The three sub-sectors under the Ministry of Works and Transport are: 1. Transport Services; 2. Roads; and 3. Construction Standards and Quality Assurance

3.7.1. They were selected on the basis of regional sampling, level of capital investment, planned annual outputs, and value of releases during the FY.

The Table 3.7.1: Project/ Programmes Monitored in the fourth Quarter, FY 2009/10

Implementing Institution	Project/ Programme Monitored
Ministry of Works and Transport	• Construction of Selected Bridges • Interconnectivity Project
Uganda National Roads Authority	• National Roads Maintenance Programme - Hoima and Masindi stations; • Reconstruction of Kampala (Busega) – Masaka road; • Reconstruction of Masaka – Mbarara road; • Upgrading of Soroti – Dokolo – Lira road;
Local Governments	• District and Urban Roads Maintenance Programme - Mityana district

Source: Author's Compilation

c) Methodology

The methodologies adopted during the monitoring included: literature review mainly of annual work plans and other government documents, quarterly progress reports for the first, second and third quarters, and IFMS data showing release, payments and commitments; interviews with the respective responsible officers or representatives; and observations on site.

d) Limitations

The monitoring effort however had the following limitations:

- Designated time for field trips of one calendar month limited the scope of sampling both in geographical spread and extent of coverage;
- Financial information on expenditures for road maintenance activities obtained at districts and UNRA stations may not be reliable due to absence of a reliable financial management tool at some of the districts/ stations.

3.7.2 Reconstruction of Priority Sections of Kampala (Busega) - Masaka Road

Project Background

The reconstruction of Kampala – Masaka road (124Km) is part of the works planned under the Transport Corridor Project which was created to address the deteriorating condition of the

Northern Corridor Route (NCR)[113] and other major export/ import highways and their spurs with the objective of facilitating intra and international trade. The Transport Corridor Project was planned to have a total cost US$ 1.0 billion starting in July 2008 and expected to complete in June 2012. The project is funded by GoU to the tune of US$ 600 million with the short fall in funding expected to be funded in due course by donor funding and public – private partnership modalities.

Reconstruction of Kampala – Masaka road was however fragmented into four sections with the on-going contract covering only two sections totalling 63.1 Km with one section starting at Busega roundabout to Nsangi (11.5Km), and another starting at Kamengo to Lukaya (51.6Km). The scope of works under the contract essentially comprises of the following activities:

- Site clearance; earthworks including widening and realigning of the road from Class II to Class I road specifications, reconstruction of 63.1Km of road pavement with a graded crushed stone sub-base and base, construction of a dense bitumen macadam course, an asphalt wearing course across the carriageway, and double bituminous surface treatment across the shoulders.
- Drainage works including: new culverts installation, extension of selected existing culverts, replacement of damaged culverts; construction of headwalls, lined and unlined open drains, and drainage at junctions consisting of pipes and gully systems;
- Modification of one existing bridge to incorporate pedestrian walkways; and
- Ancillary works including: retaining structures, traffic signs, guardrails, road markings and reflectorised road studs, kerbing and footpaths, street lighting at junctions and interchanges, landscaping and environmental mitigation works.

The Table 3.7.2 shows a summary of the contract data and progress of the construction works on the road.

Table 3.7.2: Busega – Masaka Project Summary

Supervision Consultant	AIC Progetti S.p.A in Association with TECHNITAL & SABA Engineering Plc
Contractor	Reynolds Construction Company (RCC)
Length	63.1 Km
Works Contract Price (Original)	EUR 44,791,586.90
Works Contract Price (Revised)	EUR 46,184,290.90
Supervision Contract Price (Original)	EUR 2,028,989
Supervision Contract Price (Revised)	EUR 2,101,457.28
Commencement Date	5th January 2009
Construction Period	24 Months
Original Completion Period	4th January 2011
Contract Time Elapsed	470 Days (64.5% Time Progress)
Works Payments Certified	EUR 19,946,836.85 (43.2% of revised contract

113 Malaba/ Busia – Kampala – Katuna road

Works Actual Payments	EUR 19,788,336.69 (42.8% of revised contract
Supervision Payments Certified	EUR 932,693 (44.4% of revised contract price)
Supervision Actual Payments	EUR 896,716.67 (42.7% of revised contract price)
Estimated Physical Progress	37.0%

Source: Supervising Consultants' Resident Engineer.

The project had last been monitored in the first quarter of FY 2009/10, at which time progress of works was estimated at 14.5% against a financial progress of 32.6% and a contract time progress of 35.7%. In FY 2008/09, the project had budget allocations under the NCR Kampala – Mbarara project and under the Transport Corridor Project; and achieved a total progress of works of 5.0% thus failing to achieve the annual targeted output of 30%, and also falling behind the contract time progress (24.1%). In FY 2009/10 the project was allocated a total of UShs 40.0 billion under the Transport Corridor Project which had an approved budget of UShs 400.266 billion of which UShs 176.4 billion had been released (44.1% of annual budget) and UShs 170.9 billion expended (96.9% absorption). Targeted outputs included an annual progress of 35% with quarterly progress of 8.5% for each of the four quarters. The section 3.7.2.2 gives the findings from the field visit done on 24th May 2010.

Findings

i) Financial Performance

Table 3.7.3: Financial Performance of the Project for Reconstruction of Kampala (Busega) – Masaka road

	Approved Estimates *(UShs Millions)*	**Releases *(UShs Millions)***	**Expenditure *(UShs Millions)***	**% of Budget Released**	**% of Releases Spent**	**Contracts Contract Sum *(EUR)***	**Cum % Payment to the Contractor**	**Consultant's Contract Sum *(EUR)***	**Cum % Payment to the Consultant**
FY 2008/09	n/a*	n/a*	n/a*	n/a*	n/a*	44,791,587	31.3%	2,028,989	27.9%
FY 2009/10	40,000.00 *(Under Transport Corridor Project)*	n/a*	n/a*	n/a*	n/a*	46,184,291	42.8%	2,101,457	44.4%

n/a*: Information not available Source: MoWT MPS, 2009/10; Supervising Consultant's Resident Engineer

The project being only a part of the Transport Corridor Project had no specific approved budget estimates and therefore no specific releases. According to UNRA work plans however, the project was allocated a total of UShs 40.0 billion.

The financial progress of the works contract was estimated at 42.8% of the revised contract price, which is inclusive of 30% advance payment on works, materials and equipment. However the contract price was expected to rise further mainly due to the variation of price due to increase of prices of construction inputs; costs from a design review by the supervising consultants, mainly from increased quantities especially on swamp fills and culverts, changes in design to incorporate climbing lanes; and an addendum to the contract for the maintenance of sections not yet handed over to the contractor from Busega to Masaka. The project was at the time of monitoring projected to have a final cost overrun of 10.0% of the original contract price. Cumulative payments to the supervising consultant were at 44.4% of the revised contract price, inclusive of 30% advance payment. At the time of monitoring, the combined payments to the contractor and the consultant during the FY amounted to EUR 5.649 million while the cumulative payments amounted to EUR 20.685 million inclusive of 30% advance payments.

ii) Physical Performance

The following were the field findings on physical performance of the project:

- Progress of works was estimated at 37%, representing a total progress of 32% against the 35% projected in the work plans with a month left to the end of the FY. Therefore the targeted project output of 35% was likely to be achieved by the end of the FY. Physical progress of works was however still lagging behind the contractor's approved work programme and behind the contract time progress, which was at 64.5% at the time of monitoring.
- Ongoing works included clearing, grabbing and removal of top soils; swamp widening and filling using geo-textiles, rocks, and course crushed stone material; replacement of culvert crossings; pothole patching in sections yet to be worked; earthworks for widening of the existing road by 3.6m on one side; construction of the road pavement layers at subgrade, subbase and base levels in the different sections; and rock blasting and stone production works in the quarry.
- The contractor had mobilized all necessary equipment and personnel and was fully established on site.
- The HIV awareness programme was still on-going with a treatment clinic established on site and other activities like the outreach programme, distribution of condoms, radio programmes on HIV and road safety/awareness campaigns, counselling and voluntary testing in progress.
- The monitoring team was informed that although the general response of women towards employment opportunities on the project had been low, the few successful female applicants were mainly employed in less strenuous portfolios such as flagmen, controllers of deliveries, fuel clerks, water operators, site offices and domestic roles. However one woman had been employed as a wheel loader operator. In addition, the HIV awareness programme had mainly targeted female workers and women in the surrounding communities.
- The monitoring team was also informed that several environmental protection measures had been mainstreamed in the works but with varying levels of satisfaction. In particular measures undertaken included: control of dust and air pollution through routine watering of dusty sections, operational health and safety issues like traffic and workers safety measures, silt control, water pollution controls, noise pollution controls etc.

Busega – Masaka Road: Swamp widening (left) and Dust control by routine watering (right)

iii) Challenges and Setbacks Experienced by the Project

- The project continued to be affected by land acquisition issues for example, while the section from Kamengo to Lukaya had been handed over to the contractor, several affected landowners had neither had negotiations nor been compensated leading to blockage of works in some sections (like the Kobil fuel station in Buwama) and thus exposing the project to contractor's claims and delays in the completion of works. The section from Busega to Nsangi was yet to be handed over to the contractor.
- The project had also been affected by the high staff turnover of the contractor's key personnel leading to delays in submission of the contractor's payment certificates, which were two months behind at the time of monitoring. This was also affecting the contractor's capacity to accelerate works and bridge the lag in the approved work programme.

Conclusion and Recommendations

- While the project was on course to achieve the targeted outputs (35% of works completed), the progress of works was still lagging behind the project time progress and behind the approved work programme. Therefore, there is need for the contractor to accelerate works and bridge the lag in progress against the approved work plan.
- Land acquisition issues relating to delays in negotiations and compensation of affected landowners were clearly affecting progress of works, which exposes the project to contractor's claims and delays in the implementation of the project. These issues need to be expeditiously resolved to enable the contractor acquire complete access to the site and as such avoid further delays to the progress of works and to pre-empt any claims for cost and time (which also represents increase in cost of the project due to the increasing cost of construction inputs under the variation of price clause).
- A final cost overrun of 10% was projected on the project due to increase of prices of construction inputs; costs from a design review by the supervising consultants, mainly from increased quantities especially on swamp fills and culverts, changes in design to incorporate climbing lanes; and an addendum to the contract for the maintenance of sections not yet handed over to the contractor from Busega to Masaka.

3.7.3 Upgrading of Masaka - Mbarara and Masaka – Kyotera Roads

Project Background

Masaka – Mbarara road (148.7Km) is part of the NCR which links Kampala to the major exit to Rwanda at Katuna border. A significant portion of the traffic using the road is from Mombasa to Western Uganda and the neighbouring countries of Rwanda, and the Democratic Republic of Congo (DRC). It also forms part of the Trans-African highway from Mombasa in Kenya to Lagos in Nigeria. The primary objective of the project is to provide an adequate and suitable road link and to cater for the projected traffic demand and road safety requirements of the Trans-African highway. The project is jointly funded by the European Development Fund (EDF) and the Government of Uganda. It commenced on 7th January 2008 and was expected to complete by 6th January 2010 at a total cost of EUR 79.014 million.

Construction works were planned to cover a package of roads totalling 154.5Km comprising of a road section that starts 2.4Km north of Masaka bypass junction and ends approximately 6.5Km west of Mbarara town, and a separate 5.5Km section along Masaka – Kyotera road. The scope of works essentially comprises of the following activities:

- Site clearance; earthworks including widening and realigning of the road to Class I road specifications, reconstruction of 154.5Km of road pavement with a cement stabilized sub-base and a graded crushed stone base, construction of a dense bitumen macadam course, and double bituminous surface treatment across the carriageway and shoulders.
- Drainage works including: new culverts installation, extension of existing culverts, construction of headwalls, lined and unlined ditches, and drainage at junctions consisting of pipes and gully systems; and
- Ancillary works including: retaining structures, traffic signs, guardrails, road markings and reflectorised road studs, kerbing and footpaths, street lighting at junctions and interchanges, landscaping and environmental mitigation works.

The Table 3.7.4 shows a summary of the contract data and progress of the construction works on the road.

Table 3.7.4: Masaka – Mbarara Project Summary

Contract Number	EU/HW/C004
Supervision Consultant	AIC Progetti S.p.A in Association with TECHNITAL & SABA Engineering Plc
Contractor	Reynolds Construction Company (RCC)
Length	154.4 Km
Works Contract Price	EUR 79,014,151.02
Supervision Contract Price	EUR 2,632,488
Commencement Date	7th January 2008
Construction Period	36 Months
Original Completion Period	6th January 2011
Contract Time Elapsed	844 Days (77.1% Time Progress)

Works Payments Certified	EUR 48,926,132 (61.9% of Contract Price)
Supervision Payments Certified	EUR 1,528,486 (60.3% of original price)
Weighted Physical Progress	43.86%

Source: Supervising Consultants' Resident Engineer.

The project had last been monitored in the first quarter of FY 2009/10, at which time progress of works was estimated at 20% against a financial progress of 40.5% and a contract time progress of 67.7%. In FY 2008/09, the project had an annual budget of UShs 25.727 billion and achieved a total progress of works of 13% thus failing to achieve the annual targeted output of 25%, and also falling behind the contract time progress. In FY 2009/10 the project was allocated a total annual budget of 48.183 billion all of which was donor funded and had an annual targeted output of 35% physical progress of works. The project was monitored on 24th May 2010 and the findings were as follows in 3.7.32.

Findings

i) Financial Performance

As shown in Table 3.7.5, financial progress of the works contract was estimated at 61.9% of the original contract price, which included 10% advance payment on works, materials and equipment, of which 61% had been recovered. Contract price overruns were projected from claims for price adjustment following increase in contract inputs like steel, cement, fuel, bitumen, and expatriate labour; and an increase in some itemised quantities following a design review by the supervising consultants. Other likely sources of cost overruns included items related to land acquisition like extension of fences; and additional works like the introduction of climbing lanes. The project was at the time of monitoring projected to have a final cost overrun of approximately 26.6%.

Table 3.7.5: Financial Performance of the Project for Upgrading of Masaka – Mbarara road

	Approved Estimates *(UShs Millions)*	**Releases *(UShs Millions)***	**Expenditure *(UShs Millions)***	**% of Budget Released**	**% of Releases Spent**	**Contracts Contract Sum *(EUR Millions)***	**% Payment to the Contractor**	**Consultant's Contract Sum *(EUR Millions)***	**% Payment to the Consultant**
FY 2008/09	25,727	n/a*	n/a*	n/a*	n/a*	79.014	39.0%	2.632	n/a*
FY 2009/10	48,183	n/a*	n/a*	n/a*	n/a*		61.9%		60.3%

n/a*: Information not available ***Source: MoWT MPS, 2009/10; Supervising Consultant's Resident Engineer***

ii) Physical Performance

The following were the field findings on physical performance of the project:

- Progress of works was estimated at 43.9% (as at end of April 2010), representing a total progress of 30.9% against the 35% targeted annual output and against a contract time progress of 77.1%. Therefore the contractor had only 4% to meet the planned output, which was expected to be met by the end of the June 2010. However the project still lagged behind contract time progress and behind the revised work programme.
- Ongoing works included site clearance and earthworks for widening of the existing road by 3.6m on one side, installation of new corrugated metal culvert crossings, placing of gravel material for the sub-grade; placing of the sub-base and base in graded crushed stone material; placing of the dense bitumen macadam; rock blasting and stone production works in the quarry; and construction of culvert end structures.
- The health and safety component of the project was on-going with sensitisation, HIV screening and community outreach programmes conducted among workers and surrounding communities.


Masaka – Mbarara road: Ongoing works at different stages of completion. Asphalt Surfacing (left) and Earthworks (right)

- The monitoring team was informed that the contractor had made deliberate effort in giving equal employment opportunities to women by employing women in different portfolios like control units, offices, as electricians, checkers, flagmen, and as drivers on a pilot basis.
- Environmental protection measures that were mainstreamed in the civil works included dust control measures by minimising the period in which dusty layers were left exposed; changes in material specifications from the air polluting diesel based primer to emulsion (water based) primers. The project was also enforcing environmental protection requirements like reinstatement of gravel borrow areas and enforcing traffic control measures in sections under construction.

iii) Challenges and Setbacks Experienced by the Project

- The project continued to be affected by land acquisition issues forcing the contractor to keep skipping sections not yet handed over and thus clearly affecting the contractor’s construction efficiencies and progress of works. Although contractor had not indicated intention to claim for costs, the project remained exposed to such claims.

Conclusion and Recommendations

- While the project was on course to achieve the targeted outputs (35% of works completed), the progress of works was still lagging behind the project time progress and behind the approved work programme. Therefore, there was need for the contractor to accelerate works and bridge the lag in progress against the approved work plan.
- Land acquisition issues relating to delays in negotiations and compensation of affected landowners were clearly affecting progress of works, which exposed the project to contractor’s claims and delays in the implementation of the project. These issues need to be expeditiously resolved to enable the contractor acquire complete access to the site and as such avoid further delays to the progress of works and to pre-empt any claims for cost and time (which also represents increase in cost of the project due to the increasing cost of construction inputs under the variation of price clause).
- A final cost overrun of 26.6% was projected due to increase of prices of construction inputs; costs from a design review by the supervising consultants, and increased itemised quantities especially on culverts.

3.7.4 Upgrading of Soroti – Dokolo – Lira Road

Project Background

Soroti – Dokolo – Lira road (123Km) which traverses the districts of Soroti, Kaberamaido, Dokolo and Lira is a link with significant economic importance that is used by both internal and international traffic plying through Northern and Eastern Uganda and providing interconnectivity with the West Nile, international borders with DRC and Southern Sudan; the districts of Northern Uganda, Eastern Uganda and the international borders with Kenya. Upgrading of the road from a class B gravel road to a class II bitumen paved national roads standard is aimed at improving the general condition of the road, lowering travel times, providing the structural strength necessary for its ever increasing traffic loading, reducing vehicle operating costs, adopting the more cost effective option of maintaining the road, lower transport costs, and to stimulate trade, investment, economic growth and delivery of social services within the region. The project was expected to cost UShs 70.6 billion jointly funded by the World Bank through the International Development Association (IDA) and GoU. The implementing agency is UNRA and the works were contracted out in two sections namely Soroti – Dokolo, which commenced in November 2007, and Dokolo – Lira which commenced in June 2008.

The project entailed construction works for the upgrading of a total of 123Km of the road linking the towns of Soroti, Dokolo and Lira from the existing Class B gravel road to class II paved road standard with a 6.0m wide carriageway, surfaced with a Double Bitumen Surface Treatment (DBST), and 1.5/ 2.0m wide shoulders surfaced with a Single Bitumen Surface Treatment (SBST). The major works included earthworks, construction of a new cement stabilized sub-base, graded crushed stone base, surface dressing of the carriageway and shoulders; construction of new cross and longitudinal drainage systems, and ancillary works including installation of traffic road signs, guardrails and road markings. The Table 3.7.6 shows summaries of contract data for the two contracts and progress of the construction works on the road.

The Table 3.7.6: Soroti – Dokolo – Lira Project Summary

	Soroti – Dokolo Road Contract	Dokolo – Lira Road Contract
Contract Number	RDP/HW/C010	RDP/HW/C011
Funding Agency	World Bank and GoU	World Bank and GoU
Supervision Consultant	J Burrow Ltd	COMPTRAN Engineering and Planning Associates
Contractor	China Road and Bridge Corporation	China Road and Bridge Corporation
Length	62.6 Km	60.4Km
Works Contract Price (UShs)	UShs 70,642,241,162 (Original Contract Price)	UShs 82,068,227,664 (Original Contract Price)
Supervision Contract Price	US$ 1,235,264 (Inclusive of taxes)	US$ 354,800 (Interim services, inclusive of taxes)
Commencement Date	1st November 2007	1st June 2008
Construction Period	30 Months	30 Months
Original Completion Period	30th April 2010	30th November 2010
Contract Time Elapsed	Completed on 18th March 2010	727 days (79.8% Time Progress)
Works Payments Certified	UShs 87,131,429,637 (123.3% of Original Contract Price)	UShs 98,443,666,807/- (120.0% of Original contract price)
Payments to the Contractor	UShs 83,794,405,526 (118.6% of Original Contract)	UShs 98,443,666,807/- (120.0% of Original contract price)
Payments to the Consultants	US$ 1,054,122 (85.3% of original contract sum)	US$ 354,800 (100% of Interim services costs)
Weighted Physical Progress	100% (substantially completed)	90.6% (Based on projected final cost) 117.5% (Based on original contract)
Cumulative Financial Progress	96.8% (Based on Revised Contract Price)	85.4% (Based on projected final cost) 120.0% (Based on Original contract sum)

Source: Respective Resident Engineers of Supervising Consultants.

The project had last been monitored in the first quarter of FY 2009/10, at which time progress of works on Soroti – Dokolo road was estimated at 90.4% against a financial progress of 90.6% and a contract time progress of 73.9%; while progress of works on Dokolo – Lira road was at 61.9% against a financial progress of 64.8% and a time progress of 50.5%. In FY 2008/09, the project had an annual budget of UShs 57.002 billion and achieved a total progress of works of 61% completion on Soroti – Dokolo road against the 58% targeted; and 45% completion on Dokolo – Lira road against the 30% targeted. The progress of works in both contracts thus exceeded the targets for the FY, and the works were ahead of schedule on Dokolo – Lira road but slightly behind schedule on Soroti – Dokolo road. In FY 2009/10 the project was allocated a total budget of UShs 54.619 billion and had targeted outputs of 32% of physical progress of works on Soroti – Dokolo road and 45% on Dokolo – Lira road.

At the time of monitoring done on 1st June 2010, the findings were as follows in 3.7.4.2:

Findings

i) Financial Performance

Table 3.7.7: Financial Performance of the Project for Upgrading of Soroti – Dokolo – Lira road (123 Km)

FY	**Source of funding**	**Approved Estimates *(UShs Millions)***	**Releases *(UShs Millions)***	**Expenditure *(UShs Millions)***	**% of Budget Released**	**% of Releases Spent**	**Total of Original Works Contract Sums *(UShs Billions)***	**% Payment to the Contractors**	**Total of Consultant's Contract Sums *(US$)***	**% Payment to the Consultants**
FY 2008/09	GoU	1,000.0	611.774	223.558	61.2%	36.5%	152.710	65.9%	2,434,349	44.2%
	Donor	56,001.7	n/a*	n/a*	n/a*	n/a*				
FY 2009/10	GoU	25,000.0	24,450	24,211.4	97.8%	99.0%	152.710	106.0%	2,434,349	81.1%
	Donor	29,619.0	n/a*	n/a*	n/a*	n/a*				

n/a*: Information not available ***Source: MoWT MPS, 2009/10; Supervising Consultant's Resident Engineer***

As shown in Table 3.7.7, in FY 2009/10 the approved budget estimate for the project amounted to UShs 54.619 billion of which UShs 29.619 billion was under the donor component and UShs 25.0 billion, the GoU component. At the time of monitoring, the project had received a total of UShs 24.45 billion from the GoU component (97.8% of approved estimate) of which UShs 24.21 billion (99.0% of releases – IFMS Data) had been expended. Payments to the contractors during the FY amounted to UShs 61.33 billion bringing the cumulative total payment to UShs 161.9 billion (106.0% of the sum of the works contract prices) while payments to the consultants amounted to US$ 0.898 million bringing the cumulative total payment to US$ 1.974 million (81.1% of sum of the supervision contract prices).

On Soroti – Dokolo road, financial progress was estimated at 118.6% of the original contract price however the final value of works certified was at 123.3% of the original contract price. Cost overruns arose from the following areas:

- Price adjustments following increase in costs of construction inputs like fuel, bitumen, steel reinforcement bars, cement, and local/expatriate labour. Payments in respect of this were five times higher than the figure provided for in the contract.
- Design changes requiring the change from single surface treatment to double surface treatment of the shoulders along the entire road, and increase in number of access culverts.
- Provision of road humps and rumble strips in townships and adjacent to schools
- Provision of service roads in Nakatunya, Atirir and Otuboi townships; and
- Claims for interest on delayed payments of IPC 5 & 6 totalling UShs 667,766,758 (US$ 262,849.12 and UShs 187,473,075). This had however improved in the subsequent certificates as there hadn't been any more interest levied on delayed payments since the issue was reported in the quarter 1 monitoring report of FY 2008/09.

On Dokolo – Lira road, financial progress of the project was estimated at 120.0% of the original contract price. Cost overruns were arising from the following areas:

- Price adjustments following increase in costs of construction inputs like fuel, bitumen, steel reinforcement bars, cement, and local/expatriate labour. Payments in respect of this had increased from UShs 3.8 billion provided for in the contract to UShs 20.3 billion at the end of April 2010 and projected to increase to UShs 23.2 billion at completion.
- Design changes requiring the following changes:
    - Construction of 3 roundabouts in Lira and 1 in Dokolo towns;
    - Construction of access road around Dokolo market;
    - Construction of concrete protection kerbs along the road edges to protect the crushed stone base from progressive erosion;
    - Construction of 2^{nd} bituminous sealing along the shoulders to prolong design life
    - Increasing the road width in Lira town to provide 3.0m wide on-street parking lane on one side or on both sides where physical constraints allow; and
    - Construction of road humps and rumble strips at pedestrian crossings.

Dokolo – Lira road: Additional works in progress, Earthworks for the roundabouts in Lira town (left) and Construction of concrete protection kerbs along the road edges (right)

- Increase in quantities of culverts with total number of 600mm diameter increasing from 450m to 1400m and those of 900mm diameter increasing from 1400m to 2176m;
- Increase in the total length of swamp crossings from 5.6Km to 9.3Km, which increased earthworks quantities;
- Increase in quantities for stone pitching of open drains, which increased from 6.7Km to 19Km; and
- Claims for interest on delayed payments of IPCs 1 to 10 totalling UShs 163,062,426 (US$ 57,385.83 and UShs 58,260,406). This had however stopped with effect from July 2009.

The final contract cost was projected at UShs 115.31 billion representing total cost overruns of 40.5% of the original contract price.

The final project cost for construction of Soroti – Dokolo –Lira road (123Km) was projected at 202.44 billion representing a total increase of 32.6% compared to the sum of the contractors' original contract price.

ii) Physical Performance

The following were the field findings on physical performance of the project:

a) Soroti – Dokolo Section (62.6Km)

- Civil works in the section had been substantially completed on 18th March 2010, 1½ months ahead of the original completion date. Progress of works was estimated at 100%, representing a total progress of 39% against the 31% planned annual. Therefore the targeted annual output for works in the section was surpassed. The road was under defects liability period.

- Ongoing works at the time of the site visit included: construction of rumble strips and reinstatement of gravel borrow pits in some sections of the road.


Soroti – Dokolo road: A completed section of the road (Left) and construction of ramble strips at Anyara trading centre (right)

- The following construction defects were observed during the site visit:
  - Surface undulations probably from uneven settlement of the road embankment along the entire road;
  - Huge water ponds at several reinstated gravel borrow pits;
  - Top soiling and grassing of the side slopes to the road embankment had uncovered patches in some sections of the road;
  - Several temporary roads used as diversion roads during construction had not been obliterated as required by the contract; and
  - Bleeding of the bituminous surface was also observed in some sections of the road.


Soroti – Dokolo Road: Water pond at a reinstated gravel borrow pit (left) and a section with defective side slope top soiling and grassing

b) Dokolo - Lira Section (60.4Km)

- Progress of works was estimated at 90.6% (as at end of May 2010), representing a total progress of 45.6% against the 45% targeted annual output and against a contract time progress of 80.0%. Therefore the contractor had surpassed the targeted annual output with a month to the end of the FY. The project was also ahead of the contract time progress and was expected to complete before the completion date.
- Completed works included all earthworks, base construction for the main stream works, installation of cross culverts, 1st seal bituminous surface treatment, 50% of 2nd seal bituminous surface treatment, rock blasting and stone production works in the quarry.
- Ongoing works included additional works on roundabouts in Lira town and the loops in Dokolo and Agwata towns; drainage works that included stone lining of drains in Dokolo and Lira town, installation of access culverts and construction of headwall structures; reinstatement of gravel borrow pits, installation of culvert marker posts, obliteration of diversion roads, and top soiling along the slopes of the road embankment; construction of concrete protection kerbs along the road edges; and 2nd seal bituminous surface treatment.
- The health and safety component of the project was on-going with an HIV clinic for testing and counselling established in Dokolo town and HIV screening and community outreach programmes conducted among workers and surrounding communities.
- Environmental protection measures that were mainstreamed in the civil works included obliteration of unwanted diversion roads and reinstatement of gravel borrow pits, which were ongoing; and routine conducting of compliance assessments by the consultant's environmentalist in collaboration with the UNRA environment officers. The monitoring team was additionally informed that while minimum occupational safety measures like provision of protective gear for the workers had been instituted, the contractor had not fully complied with the requirements.
- The project had however not mainstreamed issues of gender and people with disabilities. For example there were no specific schemes to ensure equal employment opportunities for women and people with disabilities on the project.

Dokolo – Lira road: Works in progress - 2nd layer of bituminous surface dressing (left) and stone lining of open drains in Dokolo town (right)

iii) Challenges and Setbacks Experienced by the Project

- The monitoring team was informed that the project implementation team saw no real challenges ahead apart from the high and disproportionate quotations received from UMEME and National Water and Sewerage Corporation for the relocation of utilities within the areas earmarked for the roundabouts in Lira town.

Conclusions

- Annual targeted outputs for FY 2009/10 of both contracts under the project were surpassed and the project was on course for completion within the original contract period.
- The final project cost for construction of Soroti – Dokolo –Lira road (123Km) was projected at 202.44 billion representing a total increase of 32.6% of the contractors' original contract prices. Soroti – Dokolo road had a cost overrun of 23.3% while Dokolo – Lira road projected a total cost overrun of 40.5%. The key factors responsible for the cost overruns included: price adjustments using the Variation of Price (VOP) clause to cater for the increase in cost of construction inputs like materials, labour, fuels and lubricants (which accounts for more than 20% of the original contract prices and more than 60% of the projected cost overrun); design changes including additional works; increase in quantities of contract items like culverts and earthworks; and interest accruing from delays in payment of IPCs which were expected to have a total cost of UShs 830.8 million (0.54% of the sum of the original contract prices).

Recommendations

- It is prudent that the positive lessons of best practices are drawn from this project for replication in future projects to increase the prevalence of such roads development projects that complete within the original contract periods.
- Alternative options around the effects of the VOP clause need to be studied and explored. The idea that contractors be given the freedom to import some of the construction inputs so as to benchmark the costs to international indices rather than local indices may be worthwhile exploring.

3.7.5 National Roads Maintenance Programme

Project Background

The programme involves several activities for maintenance of 10,970Km on the national roads network, ferry services or inland water transport services and axle load control across the network. The programme also includes emergency activities on some of the estimated 10,300Km of roads that were upgraded from district and community access roads at the beginning of FY

2009/10. It is a recurrent programme which aims at improving and maintaining interconnectivity across the country by reducing the rate of deterioration of the national roads network, lowering vehicle operating costs and travel time as well as ensuring safety of road users and ferry services.

In FY 2009/10, the programme was allocated a total annual budget of UShs 161.721 billion comprising of UShs 95.024 billion under the UNRA budget and UShs 67.697 million under the URF budget. Planned activities under the programme included manual routine maintenance of 10,900 Km; mechanized routine maintenance of 15,258 Km; rehabilitation of 100Km of paved roads; resealing of 220 Km of paved roads; gravelling of 1500 Km of unpaved roads; rehabilitation of 8 bridges; maintenance of 239 bridges; ferry services and axle load control on the national roads network.

During the FY, the programme was monitored at 13 UNRA stations with a combined road network of 6,489 Km and making up 59.5% coverage of the national roads network. In the first quarter, the programme was monitored at six UNRA stations with maintenance programmes covering a total road network of 2,857.5Km and with interventions done by both force account and contracts supervised by the stations. These included: Kabale, Luwero, Masaka, Mbale, Soroti and Tororo. At the time of the first quarter monitoring, the programme had received a total of UShs 24.513 billion, and had expended UShs 15.909 billion. In the second quarter, the programme was monitored at two UNRA stations namely, Mubende and Fort Portal, with a combined network of 964 Km. At the time of monitoring, the project had received a total of UShs 78.158 billion (82.3% of annual budget), and had expended UShs 72.732 billion (93.1% of received funds). In the third quarter, the programme was monitored at three UNRA stations namely, Gulu, Lira and Mpigi with a combined network of 1,679.4Km. At the time of monitoring, the project had received a total of UShs 115.229 billion (71.3% of annual budget) composed of UShs 32.159 billion received through URF in the third quarter, and UShs 83.070 billion received directly through the consolidated fund. Expenditure of the funds received directly through the consolidated fund was at UShs 78.93 billion. However expenditure of the funds received through URF was not available.

In the fourth quarter, the programme was monitored at two UNRA stations namely, Masindi and Hoima with a combined network of 987.7Km, and the findings were as follows in section 3.7.5.2.:

Findings

i) Financial Performance

Table 3.7.8: Financial Performance of the National Roads Maintenance Programme

Station	Implementation by Force account			Implementation by Contract		
	Receipts *(UShs Million)*	**Expenditure** ***as at end of*** **Nov 2009** ***(UShs Million)***	**% of Receipts Spent**	**Contract Name**	**Financial Progress** ***(UShs Million)***	**Remarks**
Hoima	1,536.7	1,165.7	75.9%	Kagadi – Kibaale (42.0Km)	100.0%	Completed
				Kiziranfumbi – Kabwoya – Kagadi (69.0Km)	10.4%	Physical progress was estimated at 35%
Masindi	1,496.3	1,165.4	77.8%	Biso – Bukumi – Butyaba – Bilisa – Wanseko (68Km)	97.2%	Completed, total saving of 2.7% inclusive of liquidated damages totalling 1.8%
				Bulisa – Park Junction (22Km)	99.7%	Completed in Sept 2009
				Masindi – Biso (51Km)	97.3%	Completed, total saving of 2.7% inclusive of liquidated damages totalling 2.1%
Approved Budget Estimates UShs 161.721 billion Releases as at end of June 2010 UShs 159.411 billion (98.6% of annual budget) Expenditure as at end of June 2010 (IFMS Data), UShs 87.263 billion (99.3% of releases) – figure excludes expenditures on funds disbursed by URF, which was not on IFMS.						

Source: UNRA Station Engineers; IFMS Data.

As shown in Table 3.7.8, during the FY, the programme received a total of UShs 159.411 billion (98.6% of annual budget) comprised of UShs 87.873 billion through the regular transfers from the consolidated fund and UShs 71.538 billion from the URF transfers. Of the funds received from the consolidated fund, UShs 87.263 billion had been expended (99.3% of released funds – IFMS Data). Information on absorption of funds received through the URF was however not available as it had not been captured on the IFMS system. Financial management of the programme was therefore operating on two separate and independent systems, which was contrary to the intended objectives of rolling out the IFMS system to UNRA.

Table 3.7.8 also shows financial performance of selected maintenance works contracts, and UNRA maintenance stations that implement some activities directly by force account. Compared to the respective physical progress of works, the financial performance of all the contracts monitored were in harmony. Financial performance of the force account activities was also reasonably good considering that unspent balances were part of funds received within the fourth quarter, which had not yet ended at the time of monitoring.

ii) Physical Performance

A) Masindi Station

The station has a total road network of 475Km, of which 134Km (28.2%) is paved and 341Km (71.8%) are gravel roads. An additional 183Km of roads upgraded from district to national roads in FY 2009/10 of which 102Km were planned to be maintained by force account operations, and the rest of the network had no planned activities during the FY. The road network is comprised of roads in 3 districts that include Masindi, Bulisa, and Kiryandongo districts. Planned maintenance activities during the FY included: maintenance using contracts on 208Km (43.8%); and maintenance using force account on 237Km (49.9%) of which 106Km were planned to be maintained by both force account and contracted works at different times of the year.

a) Maintenance using contracts

All maintenance works planned to be done by contracts had not commenced but were still expected to commence before the end of the FY. However the station had contracts that spilled over from FY 2008/09 some of which had been planned to have more contracted works during FY 2009/10. The following are performance reports on the contracted works that spilled over from FY 2008/09:

1) Masindi – Biso road (51Km)

This project involving the routine mechanised maintenance of 51Km of the road from Masindi town to Biso was awarded to M/s M & B Engineers Ltd and involved reshaping of the road by heavy/ medium grading, drainage improvement, and spot re-gravelling of selected sections totalling 5Km, at a total contract price of UShs 358.3 million. Civil works commenced on 22nd June 2009 and were expected to be completed by 22nd November 2009. The works were however substantially completed on 28th December 2009 and the contractor was charged liquidated damages over the period of 36 days. The works were supervised by the UNRA Station Engineer, Masindi.

During the site visit, the monitoring team observed that the works had been completed but the first 15Km of the road had already considerably deteriorated with several intermittent potholes, blocked drains and a generally rough riding surface. The rest of the road was generally still in fair condition. It was also observed that sections of the road was highly trafficked with sugar cane trucks to Kinyara Sugar Works and was therefore predisposed to littering with sugar cane droppings that block drains, and to rapid deterioration. Physical progress was at 100% and the final project cost was at 99.1% of original cost inclusive of 1.8% liquidated

A section of Masindi – Biso road with potholes

damages and representing a total financial saving of 2.7%.

The monitoring team was informed that an additional periodic maintenance contract on this road that had been planned to start within the FY had finally been awarded and was still expected to start before the end of the FY.

2) Biso – Bukumi – Butyaba – Bulisa – Wanseko road (68Km)

This project involving the periodic mechanised maintenance of 68Km of the roads from Biso through Bukumi, Bulisa to Wanseko and from Bukumi to Butyaba was awarded to M/s Sese Construction Services Ltd and involved reshaping of the road by medium grading; drainage improvement including installation of 120m of 600mm culverts; and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of UShs 1.557 billion. Civil works commenced on 20th July 2009 and were expected to be complete within 8 months (by 20th March 2010). The works were supervised by Technology Consults in association with Trio Consults Ltd. The works were however substantially completed on 30th April 2010 and the contractor was charged liquidated damages over the period of 40 days. The road was still under defects liability period which was expiring on 30th October 2010.

During the site visit, the monitoring team observed that the works had been substantially completed and the road was still generally in good condition. The team however also observed that some more works needed to be done to protect the side drains in critical areas from erosion. Notably a section of about 1Km along Bukumi – Butyaba that was heavily eroded, posed a serious road safety threat to the traffic and as such required urgent attention. Several defects on the civil works, like humps on newly installed culverts, sections with inferior gravel material and defective headwalls also required attention. Physical progress was at 100% and the final project cost was at 97.2% of original cost inclusive of 2.1% liquidated damages and representing a total financial saving of 2.8%.

Heavily eroded side drain along Bukumi – Butyaba road

3) Bulisa – Park Junction road (22Km)

This project involving the routine mechanised maintenance of 22Km of the road from Bulisa to the junction with Masindi – Para Lodge road crossing was awarded to M/s Malu Construction Ltd and involved reshaping of the road by medium grading, drainage improvement, and spot gravelling of selected sections totalling 3.1Km, with 100mm thick gravel wearing course. The works were contracted out at a total cost of UShs 197.76 million, commencing on 10th June 2009 and completing within 4 months (by 10th October 2009). The works were supervised by the UNRA Station Engineer Masindi and were substantially completed on time. The impact of the works was however short lived leading to an additional intervention by force account operations, emphasizing the generic under scoping of routine mechanised maintenance contracts across the entire programme with respect to the amount of gravel and culvert crossings required on the roads. The works were however completed at a total cost of 99.8% of the contract price.

b) Maintenance using Force account

In FY 2009/10 force account interventions were planned to be done on 237Km (49.9%) of which 106Km were planned to be maintained by both force account and contracted works at different times of the FY. The scope of works under force account included: slashing of grass and routine de-silting of drains using labour based contractors; operation and maintenance of the Masindi Port Ferry; construction of temporally public toilet facilities and shades at 3 landing sites; grading, spot gravelling, and limited drainage improvement on gravel roads; patching (using gravel/ Asphalt/surface dressing) on paved roads; major and minor repairs of road equipment; and emergency repairs of roads and bridges. The roads maintained by force account interventions were monitored on 7th and 8th June 2010.

At the time of the monitoring field visit, the station had received a total of UShs 1,497.3 million of which UShs 1,165.4 million (77.8% of the funds received) had been expended on the following activities: slashing of grass and routine de-silting of drains along the entire road network using labour based contractors; operation and maintenance of the Masindi Port Ferry; maintenance of 3 gravel ferry landings, construction of temporally public toilet facilities and shades at Wanseko landing site in Bulisa district, Masindi port landing site and at Kungu landing site in Apac district; major and minor repairs of road equipment; improvement of road safety features on Kafu – Masindi road; grading, spot gravelling, and limited drainage improvement on four gravel roads (149Km)[114]; shoulder repairs and patching on Kafu – Karuma road (88Km); and emergency repairs on Karuma bridge, Masindi – Hoima road (34Km) and on two roads from the lot of former district roads (102Km)[115]. At the time of the monitoring visit, on-going works included grading, spot gravelling and culverts installation on the two former district roads; and shoulder repair and pothole patching on Kafu – Karuma road.

The monitoring team visited Kafu – Karuma road and observed that pothole patching, edge repair, grass cutting and de-silting of side drains had been done in some sections and was still on-going in other sections. Premature failures on new pothole patches and gravel shoulders were however observed in some sections. On Bulisa – Park Junction, the team observed that although the road had been maintained by a routine mechanised contract and an additional force account intervention, the first 17Km from Bulisa had already lost shape due to heavy traffic of trucks working on the Oil project by Tullow and the predominant sandy clay soils, however the rest of the road was still in goods condition. On Kasanja – Park Junction and Masindi – Rwenkunye

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[114] Bulisa – Park Junction road (22Km), Kisanja – Para road (84Km), Masindi – Rwenkunye road (36Km), and Rwenkunye – Masindi Port (7Km)

[115] Ihungu – Kijunjubwa road (42Km); and Ikoba – Ntoma road (60Km)

roads, the team observed that the roads had been graded and some selected sections gravelled, however some failures like potholes, corrugations and eroded shoulders and side drains had already developed in some sections. On Rwenkunye – Masindi port road, the team observed that the road had been graded, gravelled in some sections, and was still generally in good condition. On Ikoba – Ntoma and Ihungu – Kijunjubwa roads, the team observed that grading, culvert installation and spot gravelling was in progress on both roads with 20Km of either roads graded. Progress of works had however been affected by inclement whether from heavy rains in the region. The team also visited Wanseko and Masindi ferry landing sites and observed that the gravel ferry landings had been worked on and were still in good condition; and passenger shades, public urinals and latrines had been constructed. The latrines constructed were of the ecosan type, raised to about 1.5m above the ground level with a staircase provided. The team however observed that the design needed to be improved with ramps to cater for concerns of people with disabilities.

Works done by force account: a section of Rwenkunye – Masindi Port road, still in good condition (Left); Passenger shade and latrine at Wanseko landing site (center and right)

Implementation challenges at the station included: old road construction equipment which was very unreliable with frequent breakdowns and high maintenance costs; over stretched equipment base given the lot of new roads added to the station, leading to situations where the equipment is deployed on a priority basis rather than the work plan; delays in procurement of works planned to be contracted out, which led to unplanned emergency interventions on the roads and thus a waste of time and money; capacity weaknesses of the contractors, which led to delays in completion of contracted works; and the general under scoping of routine mechanised maintenance contracts that makes them largely ineffective.

The monitoring team was informed that the station attempts to mainstream gender, occupational health and safety measures, road safety measures and environmental issues in their maintenance operations by favouring women labour based contractors during evaluation of bids; ensuring enough road signs and presence of first aid boxes at construction sites; and by enforcing the gravel borrow pit reinstatement requirements in all contracted works and force account operations including a requirement for contractors to obtain an environmental compliance certificate before final payment certificates are issued. HIV awareness had however not yet been mainstreamed.

B) Hoima Station

The station has a total road network of 512.7Km, of which 95Km (18.5%) is paved and 417.7Km (81.5%) are gravel roads. The station additionally has 470Km of roads upgraded from district to national roads in FY 2009/10. The road network is comprised of roads in 5 districts that include Bulisa, Hoima, Kibale, Kiboga, and Kyankwanzi districts. During the FY maintenance works planned on the entire network included: maintenance by force account operations alone on 154.5Km (30.1% of the old network); maintenance contracts alone on 62Km (12.1% of old the network); and maintenance by both contracts and force account operations on 296.2Km (57.8% of old the network). A total of 80Km of the additional road network was also planned to be maintained during the FY. The station was in charge of implementing all the force account activities and supervising some of the works contracted out.

a) Maintenance using contracts

The station had planned to have contracts on roads totalling 358.2Km (69.9% of old network) however at the time of the monitoring field visit, only works on 111Km which spilled over from FY 2008/09 had been implemented. No new contracts had commenced as yet but some contracts were still expected to commence before the end of the FY. The following are the findings on roads with contracts that spilled over from FY 2008/09 that were monitored on 11th and 12th June 2010:

1) Kagadi - Kibaale Road (42.0Km)

This project involving the routine mechanised maintenance of 42Km of the road from Kagadi town to Kibaale town was awarded to M/s MM Construction Services Ltd, and involved reshaping of the road by heavy/ medium grading, drainage works including installation of some culverts, and spot gravelling in selected areas at a total contract price of UShs 290.462 million. Civil works commenced on 8th June 2009 and were completed on time on 7th October 2009. The works were supervised by the UNRA Station Engineer Hoima.

During the site visit, the monitoring team observed that the works had been completed but the road had already deteriorated with galleys, spot failures, corrugations, loss of shape and potholes along the most length of the road which had only been graded. The sections that received gravel were however still in good condition. The monitoring team observed that the routine mechanised maintenance contract had been greatly under scoped leading to the short lived impact on the condition of the road. Labour based contractors were also observed manually maintaining some sections of the road. A periodic maintenance contract of the road was however expected to commence before the end of the FY. Physical progress was at 100% and the financial progress was also estimated at 100%.

2) Kiziranfumbi – Kabwoya – Kagadi Road (69Km)

This project involving the periodic mechanised maintenance of 69Km of the road from Kiziranfumbi through Kabwoya to Kagadi town was awarded to M/s BCR General Ltd and involved reshaping of the road by medium grading, drainage improvement, and re-gravelling of the entire section with 150mm gravel wearing course, at a total contract price of UShs 1.446 billion. Civil works commenced on 11th August 2009 and had been expected to complete within 8 months (by 10th April 2010). The works were supervised by Technology Consults in association with Trio Consults.

During the site visit, the monitoring team was informed that the contractor had completed grading of the entire road but abandoned site for over 2 months, in which time the road had deteriorated. The team observed that bush clearing, reshaping of the road to cross section, and gravelling were ongoing but in intermittent sections. The contractor had also installed 12 lines of cross culverts but which had not been completed. In the sections where works were ongoing, the team observed several construction defects that included: placement of the gravel on dusty surface without watering; using untested gravel material which seemed too poor by visual inspection; spacing of the gravel damps was 3 times wider than required to achieve the 150mm thickness (actually less than 50mm in the compacted sections); in some sections, a lot of gravel material had been pushed into the side drains thus wasting the material and blocking the drains; back sloping had not been done in some gravelled sections; and one of the newly installed culvert crossings had already collapsed. Generally, there were indications of poor quality control on site, poor work methods and poor quality works. Physical progress was estimated at 35% against a contract time progress of 125.6% and a financial progress of 10.4%. Physical progress of works was therefore far behind the contract time progress, which had already expired, and the contract was therefore expected to attract liquidated damages.

Kiziranfumbi – Kagadi road: a long stretch graveled with less than 50mm thickness as opposed to the 150mm instructed (left) and the wide spacing of gravel heaps placed on a dusty road. Shoddy works evident.

b) Maintenance using Force account

In FY 2009/10 force account interventions were planned to be done on 450.7Km (87.9% of old network) under the station with a scope of works that included: grading, spot gravelling, patching (using gravel/ Asphalt/surface dressing), emergency repairs of roads and bridges and limited drainage improvement. The roads maintained by force account interventions were monitored on 11th and 12th June, 2010.

At the time of the monitoring field visit, the station had received a total of UShs 1,536.7 million (inclusive of annual receipts of UShs 1,248.4 and a balance of UShs 288.2 Million brought forward from FY 2008/09) of which UShs 1,165.7 million (75.9% of the funds received) had been expended on the following activities: maintenance of seven selected roads totalling 233.2Km[116]; emergency repair works on Hoima – Masindi road and on Kiziranfumbi – Kabwoya – Kagadi road; and emergency works on three roads totalling 80Km[117] from the batch of additional network upgraded to national roads. Other works funded under force account included repair works on nine selected bridges[118]; repairs and maintenance of the road construction equipment; fuel and lubricants; staff allowances; and routine manual maintenance of the roads using labour based contractors. Works that were ongoing at the time of monitoring included: maintenance of Sebagolo Landing Access Link (8.3Km) and Hoima – Kiziranfumbi road (24.8Km); emergency works on the three roads from the additional network upgraded to national roads; and repair works on Nguse bridge and swamps along Kiziranfumbi – Kabwoya – Kagadi road.

The monitoring team visited Parajwoki – Kaiso road (80.2Km) and observed that the station had graded a total of 23Km of the road in two sections and installed two cross culverts. The graded sections were still in good condition and the rest of the road in fair condition. The team also visited the four bridges along the road where repair works had been undertaken and observed that on Wambabya Bridge, 4no pads for Bailey bridge deck had been cast on existing piers, the deck installed and side drains at the approaches to the bridge protected with gabions and stone lining. On Rutoha Bridge, the team observed that an alternative bridge had been constructed at the river crossing using 4 lines of corrugated metal culverts, including construction of 4m high headwalls and approaches. On Hohwa I&II, the team noted that although river training was reportedly done at the crossings, the inlets and outlet channels were already bushy again. On Sebagolo link, the team observed that works were still underway with the entire road graded, spot gravelling in progress and one line of culverts installed. The works had however stalled due to equipment breakdown and it was observed that the road required more culverts than the 1 line planned as storm water was seen forming small rivulets across the road at several sections of the road.

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[116] Bukwiri – Kyankwanzi road (30Km), Buhimba – Mubende Bdr road (16Km), Kabwoya – Katuti road (42 Km), Hoima – Biso road (43Km), Hoima – Kiziranfumbi road (24.8Km), Kiziranfumbi – Kabaale road (69Km), and Sebagolo Landing Access Link (8.3Km)

[117] Katasiha – Bugambe Sub-county HQ – Mairirwe & Bugambe Sub-county HQ – Bugambe tea factory (24Km); Kidoma – Bugambe tea factory – Buseruka (25Km); and Muhooro – Ndaiga – L. Albert (31 Km)

[118] On Parajwoki – Kaiso road: Wambabya bridge, Rutoha bridge, Hohwa I bridge, and Hohwa II bridge; on Hoima – Lwamata road: Nyakasanga swamp, Kiribanya swamp, and Kafu swamp; on Hoima – Biso road: Waki bridge; on Kiziranfumbi – Kagadi road: Nguse bridge.

Works done by force account: Wambabya Bridge and the newly alternative crossing at River Rutooha both along Parajwoki – Kaiso road; and one of the water crossings along Sabagolo Landing access link where culverts were required.

The team visited the three swamp crossings with multiple box culverts along Hoima – Lwamata road and observed that minimal river training and clearing of box culvert inlets and outlets had been done at the swamp crossings and were still clear though the reeds had already grown back on two of the swamps done in February and March 2010. On Hoima – Kiziranfumbi road, the team observed that the road had been maintained in two equal phases each covering 12Km. Works in the first phase had been completed and the section was still generally in fair condition. Works in the second section were still underway with the grading works at around 40% completion and 1Km gravelled. The team however observed that the grading was ongoing without compaction reportedly due to breakdown of the roller, which was exposing the works to accelerated damage from rains and traffic. The team also visited Katasiha - Bugambe sub-county headquarter road and observed that about 16Km of the road had been graded and three culvert lines installed. However the culverts had been poorly installed leading to premature collapse of one of the lines. All the culverts required re-installation to appropriate depth/invert and to be given sufficient gravel cover in order to have sufficient distribution of the traffic loads. Works on this road had also stalled due to equipment breakdown.

Implementation challenges at the station included: delays in procurement of contractors for works planned for contracting, thus creating backlogs; insufficient stock of equipment; old equipment with extensive breakdowns and high maintenance costs; increased pressure on the available resources (equipment, supervision personnel, transport etc.) due to the drastic increase in the national roads network; and capacity weaknesses of the contractors and consultants, leading to delays in completion of contracted works

The team was informed that the station mainstreams crosscutting issues through a number of measures that include: affirmative action given to women, youth and people with disabilities during the selection of manual routine maintenance contractors; enforcing minimum health and safety standards on construction sites by ensuring UNRA workers have the appropriate safety gear, and encouraging contractors not to leave gravel damps on the road over extended periods; environmental protection measures like ensuring reinstatement of gravel borrow areas, including a requirement for contractors to obtain a certificate of reinstatement of borrow pits before final payments are made. The team was however informed that the station was having challenges of reinstating gravel borrow pits opened during force account interventions due to lack of suitable equipment for the activity.

3.7.6 District, Urban and Community Access Roads Maintenance Programmes

Programme Background

District, Urban and Community Access roads (DUCAR) make up 57,500Km which represents 73.2% of the entire road network in Uganda, broken down as 22,750Km of district roads, 4,800Km of Urban roads, and 30,000Km of Community Access roads. They are maintained by the respective local governments using central government conditional grants for road maintenance and to a limited extent using locally generated revenue. More than 40% of the DUCAR network is however beyond maintenance level and necessitates rehabilitation, which is carried out through a concerted effort of donor supported programmes like CAIIP, LRDP, KIIDP, DLSP, PRDP, NUREP, RSSP and RRP[119]; and GoU supported programmes coordinated by the MoWT, MoLG, and OPM. The districts, to a limited extent, also utilise the non conditional grants from the central government under the LGMSD Programme. MoWT provides the collective technical support and supervision to the local governments under the DUCAR department.

In FY 2009/10, planned activities on the DUCAR roads included maintenance of 22,000Km and rehabilitation of 150Km of district roads; maintenance of 42Km and resealing/ reconstruction of 7.5Km of KCC roads; and resealing/ reconstruction of 75Km of other urban roads. The programme was allocated an annual budget of UShs 123.16 billion including grants under the URF, PRDP, RRP, and the conditional grant for road maintenance to the districts. As at the end of the third quarter, UShs 74.71 billion (60.7% of total budget) including UShs 18.419 billion released through URF, had been released to the districts. In the third quarter, the programme was monitored in nine district local governments and two municipal councils namely: Amuru, Apac, Bududa, Busia, Kabarole, Kasese, Kumi, Lira and Soroti; and Mbale and Tororo Municipal Councils. In the fourth quarter, the programme was monitored in Mityana district and the following were the findings:

Findings

i) Financial Performance

At the time of monitoring, done in May 2010, financial performance of Mityana district roads maintenance programmes was as shown in Table 3.7.9, where it can be seen that the district had

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[119] **CAIIP:** Community Agricultural Infrastructure Improvement Programme; **LRDP:** Luwero Rwenzori Development Programme; **KIIDP**: Kampala Institutional and Infrastructure Development Programme; **DLSP:** District Livelihood Support Programme; **PRDP:** Peace Recovery and Development Programme; **NUREP**: Northern Uganda Rehabilitation Programme; **RSSP:** Road Sector Support Programme; **RRP**: Rural Roads Programme; **LGMSDP**: Local Government Management and Service Delivery Programme.

received all the funds expected under PAF, and absorbed up to 62.1% of the funds received, with only a month to the end of the FY. However the department had not received any funds from LGMSD and local revenue, indicating poor performance under the respective financial streams though the works under LGMSD had been contracted out and the contractor was on site.

Table 3.7.9: Financial Performance of Mityana District Roads Maintenance Programme

District	Funding Source	Indicative Planning Figure *(UShs Millions)*	Receipts *(UShs Millions)*	Expenditure *(UShs Millions)*	% of IPF Received	% of Receipts Spent
Mityana	PAF	437.434	437.434	302.988	100.0%	69.3%
	Local Revenue	12.400	0.000	0.000	0.0%	0.0%
	LGMSD	37.988	0.000	0.000	0.0%	0.0%
	Totals	**487.822**	**437.434**	**302.988**	**89.7%**	**62.1%**

Source: District Engineer, Mityana n/a*: information not availed

ii) Physical Performance

a) Mityana District

The district had a total road network of 235Km though maintenance activities in FY 2009/10 were based on 335Km (including 100Km of roads upgraded to national roads) with a total annual budget of UShs 487.822 million, expected to be fully funded by the conditional grant under PAF of UShs 437.4 million, Local Revenue of UShs 12.4 million and unconditional grants under the Local Government Management and Service Development Programme (LGMSD) of UShs 37.988 million. Maintenance activities that were planned for implementation during the FY included periodic maintenance of 53 Km[120] and manual routine maintenance of 335 Km (1 cycle of intervention during the entire year). All the works were planned to be implemented by contracts.

At the time of the monitoring field visit done on 27th May 2010, the district had received a total of UShs 437.434 million (89.7% of IPF) of which UShs 302.988 million (62.1% of releases) had been spent. Under PAF, UShs 437.4 million (100.0% of expected funds) had been received, representing the only funds received for maintenance of the roads and from which all expenses had been made.

[120] Naama – Buswa Bulongo (12Km); Nakwaya – Kabulamuliro – Matte (16Km); Wabiyinja – Kakindu – Nsozibiye (13Km); and Nsozibiye – Kiwawu (13Km).

Physical progress of the works included: manual routine maintenance works on 25 roads out of the 28 roads planned, and periodic maintenance works on all the four roads planned, which was still on-going.

The monitoring team visited the three of the four roads with periodic maintenance works which included: Wabiyinja – Kakindu – Nsozibiye road (13Km) where it was observed that grading of the road had been completed, gravel had been placed in several spots along the road, and five lines of culverts installed. The works had been substantially completed in accordance with the scope of works, though some sections had either been damaged by rains or had not been compacted. The contractor was still on site attending mainly to drainage works. Physical progress of works was estimated at 90% and financial progress at 44.5%. The team also visited Buswabulongo Nama – Miseebe (12Km), on which it was observed that the works comprised of a package of 3 road links, all of which had been graded to completion, spot gravelled and had 5 lines of cross culverts installed. Works on the road had been substantially completed and the road was under defects liability period. All the roads were still in good condition. On Nsozibiye – Kiwawu road which was under LGMSD, the team observed that works had just commenced with mainly bush clearing, tree removal and grabbing done on one half of the road. The works had however stalled reportedly due to uncertainties surrounding poor release of the LGMSD funds to the district.

A completed section of Buswabulongo – Nama road, still in good condition (left); a bush cleared section of Nsozibiye – Kiwawu road under LGMSD (center); and a section of Wabiyinja – Nsozibiye road with a manually opened side drain (left).

The monitoring team examined contract documents of some of the on-going contracts in the district, from which it was verified that the district mainstreams cross-cutting issues in the road works through inclusion of items in the bills of quantities for HIV/AIDS awareness, occupational health and safety, and environmental issues awareness. These were implemented through site meetings targeting communities along the contract roads that were also attended by the district community development officer, the gender officer, the environmental officer, and the district engineer. The team was however informed that, the district had not yet mainstreamed gender issues and issues of people with disabilities in the implementation of the works though a good number of the routine maintenance contractors procured were female.

Implementation challenges in the district included: communication gaps on the planning figures for PAF, especially with regard to the coming on board of URF, leading to gaps in planned activities; Major breakdown of the district key equipment over a prolonged period, like the bull dozer that had been at the regional workshop for mote than 2 years; slow release of the LGMSD funds, leading to delays in commencement of some maintenance activities.

3.7.7 Interconnectivity Improvement Project

Project Background

The Interconnectivity Improvement Project was designed to allow for budgetary provisions to the MoWT for the timely response in undertaking specific road works under the presidential directives, emergency response to disaster, and for general improvement of interconnectivity in areas with road links that are in critical condition across the country. The project commenced in July 2008 and was expected to complete in June 2013, with a total planned expenditure of UShs 13.125 billion. The project was expected to improve, rehabilitate or upgrade a total of 700Km of roads across the country.

In FY 2008/09, the project had an approved budget of UShs 8.74 billion, of which total releases were UShs 5.257 billion representing 60.2% budget performance. The project had 100% absorption of the released funds during FY 2008/09. In FY 2009/10, planned outputs under the project included rehabilitation and maintenance of 470Km of roads with contracts that spilled over from FY 2008/09 and 51Km of roads with contracts planned to be procured within the FY; and procurement of 2 vehicles for monitoring and supervision of the projects. The project was monitored in May 2010 and the findings were as follows in 3.7.7.2

Findings

i) Financial Performance

Table 3.7.10: Financial Performance of the Interconnectivity Improvement Project

FY	Source of funding	Approved Budget Estimates *(UShs Millions)*	Releases *(UShs Millions)*	Expenditure *(UShs Millions)*	% of Budget Released	% of Releases Spent
2008/09	GoU	8,740.0	5,257.5	5,257.5	60.2%	100.0%
	Donor	0.0	0.0	0.0	n/a*	n/a*
2009/10	GoU	10,900.0	10,900.0	10,898	100.0%	100.0%
	Donor	0.0	0.0	0.0	n/a*	n/a*

Source: MoWT Ministerial Budget Policy Statement FY 2009/10; IFMS Data.

In FY 2009/10, the project had an approved budget of UShs 7.85 billion and obtained a supplementary budget of UShs 3.05 billion[121] thus making its revised total approved budget UShs 10.9 billion. At the time of monitoring done in May 2010, releases to the project amounted to UShs 10.9 billion (100% of revised approved budget), of which expenditures amounted to UShs 10.898 billion (100.0% absorption of released funds). It was however observed that as at the end of March 2010, the project had received a total of UShs 14.88 billion for 'Roads and Bridges' (IFMS Data) and expended all the funds yet total payments to the contractors over the 2-year period was only UShs 6.8 billion thus representing imminent gross internal lending or diversion of funds.

Total planned expenditure for the civil works under the project amounted to UShs 12.809 billion however as at the end of June 2010 the project had received a total of UShs 16.157 billion and expended 100% of the funds. As can be seen from the Table 3.7.11, several of the works were still under procurement, some roads had been upgraded to national roads under UNRA and average physical progress of the contracted works was at 64.3% yet all the funds were expended.

A summary of the financial performance of the project in FY 2008/09 and 2009/10 is as shown in the Table 3.7.10. Financial progress of 38 packaged lots covering 30 contracts awarded under the project was as shown the Table 3.7.11

ii) Physical Performance

In FY 2009/10, planned outputs under the project included rehabilitation and maintenance of 470Km of roads with contracts that spilled over from FY 2008/09 and 51Km of roads with contracts planned for procurement within the FY; and procurement of 2 vehicles for monitoring and supervision of the projects.

The works were packaged into 38 lots covering a total of 836.7Km in 31 districts[122] across the country. Implementation was through 28 maintenance contracts, force account operations by the urban roads sealing unit on 1 road in Kyankwanzi, and one disbursement to Fort Portal Municipal Council for works on access roads in Fort Portal Municipal Council. The works were expected to cost UShs 12.809 billion.

Management of the contracted works was through MoWT staff appointed as project managers and supervisors of works identified through the respective district works departments. Table 3.7.11 shows the performance of works under each of the 38 lots of the project as at end of March 2010. The project was monitored in May 2010.

Table 3.7.11: Interconnectivity Roads Improvement Programme: Planned Activities and Status of Implementation

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[121] Source: IFMS Data

[122] The districts include: Bukwo, Butaleja, Iganga, Isingiro, Kabarole, Kalangala, Kampala, Kaliro, Kamuli, Kanungu, Katakwi, Kayunga, Kibaale, Kiboga, Kisoro, Koboko, Kotido, Kumi, Luwero, Manafwa, Mayuge, Mbale, Mpigi, Mubende, Nakaseke, Namutumba, Ntungamo, Oyam, Sironko, Soroti, and Wakiso.

No.	Road Name	Length (Km)	Cost	Physical progress	Expenditure as at end of March 2010	Remarks
A. PRESIDENTIAL PLEDGES						
1.0	Bukomero-Kakinzi-Kayera-Kyankwanzi Road	76.0	2,285,694,834	30%	457,138,967	Works in Progress
2.0	Kakiri-Masulita-Kangave-Mawale Road	23.0	638,511,500	72%	418,518,253	Contract terminated; Seeking force account operation by Wakiso district or UNRA take over
3.0	Gobero – Kyengeza – Sseganga – Lugungudde - Kakonda, Kigyaguza – Kakonda –Namuyamba and Kikumbampanga – Lutabiyima – seganga Roads	39.0	1,232,276,540	87%	967,857,808	Slow progress by contractor. Completion expected at end of FY 2009/10
4.0	Namayumba - Kitalya – Mityana Road	19.0	929,146,000	60%	504,332,228	No progress because of high water table. Bridge works start in April 2010
5.0	Kitenga –Kannyogoga – Ikula – Busoba Road	45.0	1,318,002,702	84%	1,103,343,433	Works expected to complete within the fourth quarter.
6.0	Bunga – Buziga & Munyonyo – Buziga Access Roads,	6.0	322,371,062	100%	322,371,062	works completed and road handed over to UNRA
7.0	Access roads for the Ntungamo Pearl Flower Project Phase 1	4.5	141,000,800	100%	141,000,800	Works completed
8.0	Access roads for the Ntungamo Pearl Flower Project Phase 2	10.0	300,000,000			Contract under procurement
9.0	Access road to Nsamizi radar site	1.6	878,081,626	60%	175,616,325	Works behind schedule, contractor to be charged liquidated damages.
10.0	Parade grounds and driveways at NALI	1.6	366,370,875	Materials like chippings and bitumen are being procured	-	Award for supply of bitumen and chippings was issued
B. INTER DISTRICT ROADS						
REGION: CENTRAL						
11.0	Kigavu – Balita (9.5Km), Kasala – Kikunyu (6.8Km), Luwube – Dhekabusa (9.3Km), Nakazi - Presidents lodge (0.7Km).	26.3	377,663,000	100%	368,213,430	Works completed
12.0	Bishop Brown - St Regina – Ntenjeru Parish (3Km), Kanjuki - Kyanya (8Km) & Wampologoma – Kasana (2.7Km)	16.0				
13.0	Kansanga – Muyenga quarry (2.5Km), Bunga -Kawuku (2.7Km) & Muyenga – Namuwongo (2.8Km)	8.0				

No.	Road Name	Length (Km)	Cost	Physical progress	Expenditure as at end of March 2010	Remarks
14.0	Lwanabatya – Kibanga	22.0	452,780,000	75%	341,479,712	Works expected to be completed in the 4th quarter
REGION: EASTERN						
15.0	Kaluba – Wandawa – Bugoto	42.0	200,921,000	100%	192,529,838	Works completed
16.0	Kamod – Owii (8Km), Kidetok – Agule (8Km), Kadungulu – Iruko (8Km) & Abulabula – Ajuba (3.8Km)	27.8	354,890,000	99%	275,120,000	Works completed
17.0	Atutur – Kojie (5Km), Ongino - Akum school (4Km), Nyero - Checkickec (4Km), Ariet-Kabwele (4Km), Kumi – Kabata School (4Km), Omusikiti – Onyakelo (5Km) & Kumi hospital – Oseera (4Km)	31.5				
18.0	Miwu – Mabala (6Km), Kado – Muyembe (4Km), Muyembe – Makerere (8Km), Nandere – Buwagama (4Km), Simu –Namwene (3Km)	25.0	388,963,000	100%	371,492,757	Works completed
19.0	Kufu – Bukhaweka – Nambola – Magale – Bumbo – Sikhana	25.0				
20.0	Lwabola – Wokukiri – Nagarima (4Km) & Wambewo – Khamoto	15.0				
21.0	Njenjwe (4.6Km), Nkondo Pr.Sch – Kiwala (2.7Km), Iringa – Katogwe (5.3Km), Kidera T.C –Miseru (7.0Km), Nkondo landing site	26.0	203,765,000	100%	198,670,875	Works completed
22.0	Kyabazinga	25.0				
23.0	Mazuba –I vukula – Kaliro	25.0	267,738,000	100%	261,044,550	Works completed
24.0	Budambuyala – Naigobya (10Km) & Namulanda – Busala (10.8Km)	20.8				
25.0	Namukanga – Bukuwa (4.6Km) & Nawandala – Busala	14.4				
REGION: WESTERN						
26.0	Nyanga – Kitanjojo swamp crossing (14Km) & Ntantamukye – Kaweema (16.0Km)	30.0	356,740,000	50%	168,824,500	Works behind schedule, completion expected in 4th quarter
27.0	Rwakimrimira – Kitoma (12Km)	12.0	85,821,218	70%	59,106,673	completion expected in 4th quarter
28.0	Nyakisenyi – Nyamuganda (10Km)	10.0	92,184,000	30%	-	Works behind schedule, completion expected in 4th quarter
29.0	Bugarama – Kembeho (6Km), Kembanda – Kiganda – Kambungu (6Km)	12.0	87,876,000	70%	-	Works behind schedule, completion expected in 4th quarter

No.	Road Name	Length (Km)	Cost	Physical progress	Expenditure as at end of March 2010	Remarks
30.0	Kaguhu – Buhozi	18.0	119,455,003	75%	-	Works behind schedule, completion expected in 4th quarter
31.0	Access roads in Fort Portal Municipality	3.0	267,000,000	Nil	267,000,000	Funds disbursed to Fort Portal Municipality
REGION: NORTHERN						
32.0	Loro Corner (6km), Iyanya – Amido (5km), Wewiawe – Barlongo (8km), Te Opobo – Apece (6km) & Olam (3km) Roads	25.0	291,672,308	100%	-	Works completed
33.0	Keri – Lima & Lurujo – Nyorcaku – Lobule Roads	28.0	116,156,000	5%	-	Contractor abandoned site; contract recommended for termination.
REGION: EASTERN						
34.0	Hasahya – Kaiti – Nahamya and Wampologoma – Nuhulu – Mawanga – Nabiganda	25.0	177,313,000	92%	45,961,000	Works in progress
35.0	Aminang – Chepkwasta – Kiretey	20.0	115,038,000	98%	75,743,500	Works in progress
36.0	Rengen – Nkwakwa via Lupuyo Kacheri	25.0	122,747,000	98%	88,442,625	Works in progress
37.0	Katakwi – Aliakamer (7Km), Ocorimongin – Orungo (14Km), & Akoboi – Abwanget (7Km)	28.0	183,070,000	40%	-	Submitted certificate of UShs 73,649,700, but funds were not available in Q3.
38.0	Atiira – Asuret (8.7Km) & Asuret – Gweri (16.5Km)	25.2	135,755,000	36%	-	Submitted certificate of UShs 49,018,908, but funds were not available in Q3.
	Grand Total	**836.7 KM**	**12,809,003,468**		**6,803,808,336**	

Source: Ministry of Works and Transport

The monitoring team visited roads in three of the contracts listed in Table 3.7.11 and the following were the respective observations made:

1. Isingiro District **Road Names:** Endiizi – Nyabyondo (11Km); Endiizi – Mpikye (5Km); & Ntantamukye – Kaweema (14.0Km) Contractor: M/s Pekassa Enterprises Ltd Contract sum : 356,740,000/-	The contract was for the maintenance of 3 roads in Isingiro district totalling 30Km, commencing on 2nd November 2009 and completing on 02 Jan 2010. The contract period had however been extended by 3 months ending 2nd April 2010. The scope of works included grading, spot gravelling and limited culvert installations. The monitoring team visited Ntantamukye – Kaweema road and observed that the entire road had been graded and gravelled and 10 lines of culverts installed. Almost all the works had been completed with only headwalls construction outstanding. The team however observed that storm water crossed the road at

several sections and as such required more culverts than provided in the contract.

On Endiizi – Nyabyondo road, the team observed that the road had been bush cleared and shaped to completion, with 2Km gravelled and 7 lines of culverts installed but the road required extra gravel and culverts than provided in the contract.

On Endiizi – Mpikye road, the team visited one link measuring 3.4Km, on which it was observed that grading had been done to completion, 1.9Km had been gravelled and 10 lines of culverts installed. The team however observed that one of the culverts installed had already collapsed, and another had both misaligned and cracked culverts. In addition, the road had been narrowed in swamps and the placed fill material not compacted.

Physical progress was estimated at 90% against 135% time progress, and 47.3% financial progress.

Graded section of Endiizi – Nyabyondo road with an eroded side drain

A completed section of Endiizi – Mpikye road

A completed section of Ntantamukye – Kaweema road

2. Kumi District

Road Names: Atutur – Kojie (5Km), Ongino - Akum school (4Km), Nyero - Checkickec (5.7Km), Ariet-Kabwele (5.7Km), Kumi – Kabata School (4Km), Omusikiti – Onyakelo (5Km) & Kumi hospital – Oseera (4Km)

Contractor: M/s Allied Tec Engineers Ltd

Contract sum : 354,890,000/-

The contract was for the maintenance of 7 roads in Kumi district and 4 roads in Soroti district altogether totalling 58.5Km, commencing on 1st June 2009 and completing on 1st December 2010. The contract period was however extended by 6 months ending 30th June 2010 owing to stoppages lasting over 3 months while area political leaders addressed issues raised by the communities. The scope of works included grading, spot gravelling and installation of only 2 culvert lines.

The monitoring team visited all the 7 roads in Kumi district and

 ***Kumi – Kabata school road: unabated building construction cutting across the road and effectively blocking off the road***	observed that all the roads had been graded to completion, and the 2 lines of culverts installed, but spot gravelling was still outstanding and the roads were already generally overgrown with grass across the shoulders, and across the carriageway on some roads. The roads generally required more culverts than provided for in the contract. On Kumi – Kabata school road, the team noted that works on the road had been rendered futile as the road had been blocked by an apparent disgruntled landlord who was constructing a building across the newly graded road. It was also strange that the works were ongoing unabated. The monitoring team was however informed that the contractor had commenced gravelling starting with the roads in Soroti district, where gravel had reportedly been damped but not yet spread. Physical progress was estimated at 80% against a 92.3% time progress, and 77.5% financial progress.
3. Luwero District **Road Names:** Kigavu – Balida (9.5Km), Kasala – Kikunyu (6.8Km), Luwube – Ddekabusa (9.3Km), Nakazi - Presidents lodge (0.7Km). Contractor: M/s Nippon Parts (U) Ltd Contract sum : 377,663,000/-	The contract was for the maintenance of 3 roads in Kampala district, 3 roads in Kayunga district and 4 roads in Luwero district altogether totalling 50.3Km, commencing in May 2009 and completing in November 2009. The scope of works included grading, spot gravelling and installation of only 2 culvert lines. The monitoring team visited all the 4 roads in Luwero district and observed that all the roads had been graded to completion, and the 2 lines of culverts installed, one on Kigavu – Balida road and one on Nakazi – President's lodge road. The team additionally observed that the roads were already generally overgrown with grass across the shoulders, and generally required more gravel and culverts than provided for in the contract. Luwuube – Ddekabusa was however short by 1.5Km. Physical progress of works was estimated at 100% against 100% time progress and 97.5% financial progress. The roads were still under defects liability period.
 ***A section of Kasala – Kikunyu road with overgrown shoulders and slippery surface***	 ***A completed section of Ddekabusa – Luwuube road with overgrown shoulders***

A stone lined drain along Nakazi – President's lodge road

A completed section of Kigavu – Balida road

The monitoring team was informed that minimum environmental protection and road safety aspects like the requirement for contractors to obtain environmental compliance certificates from the respective District Environment Officers before payment of retention moneys, and the inclusion of an item for road safety and traffic management in the bills of quantities, had been mainstreamed in the implementation of the project. However, other crosscutting issues like HIV awareness, gender issues, and issues concerning people with disabilities had not been mainstreamed.

Implementation challenges identified included:

- Capacity weaknesses of some of the contractors leading to slow progress and poor performance of some of the contracts. There were cases of contractors abandoning works and cases where contracts had been recommended for termination and possible completion by force account operations by the respective district works departments;
- Progress of works in some contracts was affected by delays in settlement of payment certificates reportedly due to unavailability of funds.

3.7.8 Project for Construction of Selected Bridges

Project Background

The project for the construction of selected bridges was designed as a follow up of an earlier project TR 23(A) which carried out a feasibility study and detailed engineering design of some selected bridges. The project was aimed at constructing new selected bridges and rehabilitating old bridges on the district, urban and community access roads, some of which had been neglected since the 1970s. The project is funded jointly by GoU and the Islamic Development Bank (IDB). It commenced in FY 2000/2001 and is expected to continue on a rolling term basis, under the medium term expenditure framework.

In FY 2008/09, the project had an approved budget of UShs 2.47 billion with a GoU component of UShs 1.19 billion of which total releases were UShs 727.1 million representing 60.9% budget performance of the GoU component. The project had 100% absorption of the released funds during FY 2008/09. In FY 2009/10, planned outputs under the project included: 18 selected bridges in fourteen districts designed and constructed; 17 bridges funded by IDB in North Eastern Uganda constructed; computers, photocopiers and consumables procured and; GPS device and software procured. The project was monitored in May 2010 and the findings were as follows in 3.7.8.2

Findings

i) Financial Performance

In FY 2009/10 the project was allocated a total budget of UShs 5.93 billion (composed of UShs 1.85 billion donor funding and UShs 4.08 billion GoU funding). At the time of monitoring, done at the end of May 2010, the project had received a total UShs 3.87 billion (94.9% of the GoU component). By the end of the financial year (IFMS data) almost all the funds released to the project in the FY had been expended on payments to contractors, consultants, and workshops/seminars. A summary of the financial performance of the project in FY 2008/09 and 2009/10 is as shown in the Table 3.7.12.

Financial progress of the works under the project was as shown the Table 3.7.13

Table 3.7.12: Financial Performance of the Project for Construction of Selected Bridges

FY	Source of funding	Approved Budget Estimates *(UShs Millions)*	Releases *(UShs Millions)*	Expenditure *(UShs Millions)*	% of Budget Released	% of Releases Spent
2008/09	GoU	1,194.31	727.07	727.00	60.9%	100.0%
	Donor	1,277.00	n/a*	n/a*	n/a*	n/a*
2009/10	GoU	4,080.00	3,872.31	3,871.83	94.9%	100.0%
	Donor	1,850.00	n/a*	n/a*	n/a*	n/a*

Source: MoWT Ministerial Budget Policy Statement FY 2009/10; IFMS Data.

ii) Physical Performance

In FY 2009/10, planned activities under the project included: training of stakeholders on bridge maintenance; designing and construction of 18 selected bridges in fourteen districts; the construction of 17 bridges funded by IDB in North Eastern Uganda; procurement of computers, photocopiers and consumables; and procurement of GPS device and software. Table 3.7.13 shows the progress made on bridges rehabilitated under the project.

Table 3.7.13: Summary of progress of works under the Selected Bridges Project as at end of March 2010.

No	Bridge Name	Scope	Cost (Million UShs)	Physical Progress (%)	Financial Progress (%)	Comments
1.0	Construction of Selected Bridges					
1.1	Nyamabare bridge, Isingiro district	14m span reinforced concrete bridge	499.158	100%	88.6%	Works completed
1.2	Mpongo River Crossing, Kibale district	600m embankment fill and installation of a series of culverts	689.214	10%	20.0%	Works in Progress
1.3	Agwa bridge, Lira District	Reconstruction of abutments and installation of compact panel bridges	150.000	50%	0.0%	1.Cost is for installation of panel bridge provided by the ministry 2. The US/UPDF army pulled out, MoWT is to complete the remaining works. Funds to be transferred to UNRA for construction of the abutments.
1.4	Simu – Pondo bridge, Sironko district	12m span reinforced concrete bridge	546.546	0.0%	0.0%	Works commenced on 26 Mar 2010
1.5	Okor bridge, Kumi district	Three cell box culvert	400.04	0.0%	0.0%	Pending contract signing
1.6	Kabundaire bridge, Kabarole district	12m span reinforced concrete bridge	414.86	0.0%	0.0%	Pending contract signing
1.7	Alla 2 bridge, Arua district	20m span reinforced concrete bridge	890.00	0.0%	0.0%	Pending contract signing
1.8	Nyanga river crossing, Isingiro district	800m embankment fill and installation of a series of culverts	960.00	0.0%	0.0%	Under procurement
2.0	Design of Selected Bridges					

No	Bridge Name	Scope	Cost (Million UShs)	Physical Progress (%)	Financial Progress (%)	Comments
2.1	Design of 5 strategic bridges (Kaguta, Semiliki, Karujumba, Kabaale, Kanyamateke)	Design and tender documents for each bridge	259.23	75%	20.0%	Works in progress; payment of fee note 01delayed by 3 months
2.2	Design of selected bridges on the DUCAR network (Kaku, Muvungu, Gisiza & Gihara in Kisoro district); Kanyatsi, Lubiriha & Kyebagenzhi in Kasese district, Nyamisiri swamp crossing & Nyambojo bridge in Tororo district; Kidongole Bukedea bridge crossing & Kachumbala – Pallisa bridge in Bukedea district			0.0%	0.0%	
3.0	Construction of IDB funded bridges					
3.1	Construction of 17 small bridges in Northern and North Eastern Uganda	Supervising and monitoring of the consultancy services on review of the designs and documentation.	350.00	10%	0.0%	Contract awarded but yet endorsed by IDB
3.2	Procurement of culverts for emergencies on DUCAR network	Procurement and supply of culverts	500.00	0.0%	100.0%	
3.3	Schedule and emergency inspections on the DUCAR network	Inspection, design and documentations for each bridge site	180.00	0.0%	0.0%	The activity was undertaken using in-house personnel
3.4	Construction of Enyau bridge, Maracha – Terego district	60m span bridge	1,420.0	100%	70.4%	Completed, but has a dispute before the adjudicator.

Source: Ministry of Works and Transport, DUCAR

The monitoring team sampled out and visited two bridges in two districts namely, Isingiro and Kibale, from where the respective findings were as follows:

1.1. Isingiro District

Nyamabare Bridge along Kakoba – Masha – Isingiro road

The scope of works included construction of a new 14m span reinforced concrete bridge, and 200m of approaches to the bridge; river training and protection works to the bridge structure and the embankment. The team observed that works on the road had been substantially completed with the

Contractor: M/s Pearl Shelter Promoters (U) Ltd Contract Sum: UShs 499,158,000	concrete decking, installation and painting of steel guardrails, and construction of abutments completed. Works on the approaches that included lining of side drains, installation of culverts and gravelling were also complete. River training had also been done to about 100m on either side of the Bridge, however timber logs previously used for pedestrian crossing had been left at the inlet to the bridge causing an obstruction to the free flow across the bridge. Progress of work was estimated at 100% while financial progress was at 88.6%.
 ***Completed works on Nyamabare Bridge***	 ***Timber logs clogging flow at the inlet of the Bridge***
1.2. **Kibale District** **Mpongo Bridge along Katanabiri – Buhonda road** Contractor: M & B Construction Ltd Contract Sum: UShs 689,213,700	The works included construction of a new swamp crossing, 600m long across River Mpanga bordering Kibale and Kiboga road along Katanabiri – Buhonda road. The scope of works specifically included installation of a series of culverts and a gravel embankment fill across the river. The team observed that the contractor was on site, and had filled a section of about 100m and stock piled gravel at one side of the river bank. The contractor had spent more than a month with no works on site due to cash flow issues and equipment breakdown but had resumed by the time of the monitoring visit. The contractor was in the process of sourcing hardcore rocks for use in the construction of a rock fill base in the sections ahead. A suitable rock near the site had been identified, exposed and prepared for blasting. Progress of works was estimated at 40%, while financial progress was at 20.3% and contract time progress at 109.2%. Physical progress of works was thus lagging behind contract time progress.

Works in progress: Swamp filling across Mpongo River

The unfilled section of Mpongo River

The project had no specific measures for mainstreaming crosscutting issues in the implementation of the planned activities. Minimum requirements like reinstatement of gravel borrow pits and health and safety measures during rock blasting were enforced.

Implementation challenges identified included:

- Capacity weaknesses of some of the contractors leading to slow progress and poor performance of some of the contracts;
- Delays in payments to contractors under the donor funded component; and
- The prolonged rainy season that rendered some proposed bridge areas difficult to work and hence causing delays in the completion of works;

3.7.9 Key Policy Issues

Key cross-cutting issues identified on projects monitored included the following:

i). Road development projects under UNRA:
- Increase in construction costs due to design changes, which applied to every project monitored;
- cost overruns due to increase in quantities and prices of construction inputs like fuel, cement, bitumen, labour and steel; and
- Land acquisition issues obtaining from excessive delays in acquiring right of way along the corridors of road development projects. These cause delays in completion of works and inadvertently increase the unit cost of construction from claims by contractors, reimbursable expenses for consultants and the prolonged application of the Variation of Price (VOP) clause.
- These need to be addressed in order to control the ever rising construction unit rates and reduce the generic delays in completion of the projects.

ii). National Roads Maintenance Programme under UNRA: crosscutting issues identified during the FY included:

- Unlike the funds released to the programme in quarters 1 & 2, the funds disbursed under URF in quarter 3 and 4 were not on IFMS and thus financial management of the programme was on two separate and independent systems, which obviates the intended objectives of rolling out the IFMS system to UNRA.
- Improper scoping of routine mechanised maintenance contracts, which renders them ineffective and expensive due to the multiple interventions and recurrence of unplanned emergency works which supplement the contracts by force account interventions.
- Insufficient stock of equipment at some stations and old equipment at other stations with extensive breakdowns, low effective availability and high maintenance costs;
- Lengthy procurement processes leading to delayed commencement of planned activities and costly unplanned emergency interventions;
- Land acquisition issues especially along the roads recently upgraded to national roads. It was noted that many of the roads upgraded were non-existent while others were too narrow and required land acquisition through compensation of land owners.
- It was noted that while the national roads network had been increased, resources at the UNRA maintenance stations had remained unchanged in terms of personnel and equipment, which was constraining their capacities to adequately maintain the roads.
- There were cases of shoddy works like on the contract for maintenance of Kiziranfumbi – Kabwoya – Kagadi Road, where supervision required to be strengthened in order to ensure value for money.

iii). District Urban and Community Access Roads Maintenance: the issues identified on the district and urban roads monitored during the FY included:

- Lack of sufficient guidance on the official IPFs for conditional grants of FY 2009/10, which led to gaps in the scope of planned activities, whereby funds expected from the URF in the third and fourth quarters were not planned for in some districts monitored;
- Understaffing of works departments partly due to failure of some local governments to attract staff of specified qualifications. This was observed in several districts like Lyantonde, which had only one staff in the roads sub-sector; and in Soroti and Kasese districts which had no substantive district engineers, no assistant engineers and road inspectors.
- Lack of equipment in some districts, poor condition of the available equipment in other districts, and lengthy repair times for equipment taken to regional mechanical workshops were constraining to the maintenance programmes in districts;
- Absence of procurement committees, procurement delays and lengthy procurement processes that led to delays in commencement of planned road maintenance activities were cross cutting in the districts monitored. Absence of procurement committees was however only in Apac and Kasese districts;
- Capacity weaknesses of local contractors with respect to financial base, equipment base and personnel was a cross cutting challenge but which affected urban councils most.
- Low unit rates for the manual routine maintenance works leading to failures in attracting labourers.
- Complications with the IFMS/EFT system that was leading to delayed payments to contractors and thus affecting the contractors' capacities to deliver works on time. This was noted in Lira and Soroti districts where the IFMS had been rolled out.

- In Kasese district, 36.4% of funds released for road maintenance were frozen by URA for non-remittance of taxes. This should be investigated further to bring to book the responsible officers.
- Poor quality works in contracts for sealing of urban roads due to capacity weaknesses of contractors was noted in both Mbale and Tororo municipal councils. In Mbale the municipal council engineer reportedly signed payment certificates for the shoddy works under duress from MoWT officials. This needs to be investigated further and the responsible officers reprimanded for unethical conduct.
- Funding constraints that limit the design of the structural strength of the urban roads to low traffic volume roads was noted in both municipal councils monitored and therefore it required to be taken up to ensure that the roads are built to the required standards.

(iv) Interconnectivity Roads Improvement Programme

The discrepancy between funds paid to the contractors and funds paid under the programme (IFMS data) revealed continued diversion of funds under the project yet the project received a supplementary budget which did not trickle down to project out puts. This project needs to be investigated further to explain the expenditures outside the project outputs.

The scope of works under the inter district component of the project was largely insufficient and difficult to justify since many of the roads were new earth roads which were quickly returning to bushes with no maintenance plan in place. The case of Kumi – Kabata school road where a building was being constructed across the newly graded road unabated clearly demonstrates a case of wasted investment in some of the roads.

3.7.10 Conclusions

v). The three road development projects monitored were generally on course with targeted outputs for both projects surpassed on Soroti – Dokolo – Lira road, and expected to be met on Busega – Masaka and Masaka – Mbarara road projects, by the end of the FY. All the contracts had reasonably matched financial/ physical performances, contractors were well mobilised on site, and works convincingly in progress. However, the projects were experiencing generic challenges ranging from issues of cost overruns, design changes, land acquisition issues, and delays in obtaining key decisions.

vi). The National Roads Maintenance Programme was monitored at 13 UNRA stations with a total road network of 6,489Km (59.5% coverage). It was observed that almost all the roads under the stations received at least one maintenance cycle during the FY, which was a good indication that the targeted outputs of routinely maintaining the entire old network manually and 15,258Km with machines were most likely to be achieved. The targeted output of gravelling of 1,500Km of unpaved roads was also likely to be achieved through the force account operations and the periodic maintenance contracts that mainly spilled over from FY 2008/09. It was however evident that the programme did not achieve its targeted output on rehabilitation of 100Km and resealing 220Km of paved roads. The programme’s absorption was at 99.3% as at end of June 2010 (IFMS data, excluding funds released under URF). Financial progresses of the contracts under the programme were generally less than the physical progress of works and within less than 20% difference, indicating reasonably good financial performance. The programme however had issues relating to under scoping of routine maintenance contracts, insufficient equipment, old equipment with extensive breakdowns and high maintenance costs, and delays in procurement of works planned for contracting, leading to unplanned emergency interventions which were costly and time consuming.

(vii) District and urban roads maintenance programmes were monitored in 11 districts and four urban councils, where it was observed that generally most planned activities were rolled out during the third and fourth quarters. Several roads under the district networks did not receive any maintenance intervention with some districts having up to 40% of their networks in a condition beyond maintenance levels. Financial performance of the programmes was generally poor with 8 out of 9 districts having absorption levels less than 50% and some districts having only 4.6% absorption at the end of the third quarter. It was therefore evident that the programme would not achieve the targeted outputs of maintaining 22,000Km, resealing/ reconstruction of 75Km of urban roads and reconstruction of 7.5Km of KCC roads. The programme was however likely to achieve the targeted out puts of rehabilitation of 150Km of district roads, and maintenance of 42Km of KCC roads. The programme had generic issues like absence of planned activities for funds expected in the third and fourth quarters through URF (by the close of the second quarter), understaffed works departments, lack of equipment, poor condition of equipment, delays in the procurement process, and capacity weaknesses of local contractors mostly affecting urban councils where shoddy works were observed.

(viii) Interconnectivity Roads Improvement Programme: at the time of monitoring in May 2010, some of the works were still under procurement, and average physical progress of the contracted works was at 64.3% but with most of the ongoing contracts nearing completion. Considering that during the FY, the programme had works on a group of roads totalling 836.7Km it was likely that the targeted output of rehabilitation/maintenance of 470Km of roads with contracts that spilled over from FY 2008/09 and 51Km of roads with contracts procured within the FY was achieved. The programme however had issues of inconsistent data of expenditures on roads and bridges (IFMS Data) when compared to the total payments to contractors.

3.7.11 Recommendations

ix). Generic challenges that cut across all development projects like cost overruns, design changes, land acquisition issues, and delays in obtaining key decisions need to be streamlined and proactively controlled in order to effectively manage the ever rising construction unit rates and reduce the generic delays in completion of the projects.

x). Issues of under scoping of routine mechanised maintenance works, procurement ceilings for micro-procurements and low equipment stock at the UNRA stations need to be addressed so as to make the operations of the programme more efficient and cost effective.

xi). Supervision of the contract for maintenance of Kiziranfumbi – Kabwoya – Kagadi Road needs to be strengthened in order to rectify the substandard works observed during monitoring and to ensure value for money.

xii). There is need for a framework to improve the availability and maintenance of equipment at district works departments in order to improve effectiveness of the district roads maintenance programmes.

xiii). There is also need to improve information flow on projects centrally coordinated by MoWT so as to improve transparency and accountability to people at the grass root.

xiv). The data inconsistence between expenditures on roads and bridges (IFMS Data) and the payments to contractors under the Interconnectivity Roads Improvement Programme needs to be reconciled and explained.

3.8 WATER AND SANITATION

3.8.1 Introduction

The vision statement for the water and environment sector is '*Sound management and sustainable utilisation of water and environment resources for the betterment of the population of Uganda;'* and the mission statement is '*To promote and ensure the rational and sustainable utilisation, development and effective management of water and environment resources for socio-economic development of the country.'* The policy objectives for the sector have been developed in line with the Poverty Eradication Action Plan (2004). In brief this includes:

(i) To manage and develop the water resources of Uganda in an integrated and sustainable manner;

(ii) To achieve sustainable provision of safe water within easy reach and hygienic sanitation facilities;

(iii) To develop and efficiently use water supply for production[123].

The FY09/10 on-budget water and environment sector allocation is UShs 172.24bn. Over the medium term there is a planned funding increase to the sector to UShs 219.23bn in FY10/11 and UShs 263.58bn in FY11/12[124]. This is due to an increase in both GoU and donor funding and has resulted in proposed increased allocations to the following vote functions: centralised rural water supply and sanitation services; water resources management; weather, climate and climate change; and natural resources management[125].

Scope of the report:

This report provides an assessment of annual performance of the water and sanitation sub-sector, by consolidating findings and recommendations presented throughout FY09/10. The findings generated in Q4 will form the main basis of the report, with a summary section under each vote function highlighting the performance of other projects monitored in FY09/10.

The water and sanitation sub-sector has been prioritised for monitoring as it accounts for 67% of the FY09/10 on-budget sector funding,[126] where the focus has been on Rural Water Supply and Sanitation, Urban Water Supply and Sanitation and Water for Production vote functions. Whilst the importance of Water Resources Management vote function is recognised for contributing to the sector's objectives, it has not been monitored as the majority of outputs reported cannot be physically verified. In addition, Meteorological Support to Plan for Modernisation of

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[123] Adapted from 'Strategic Investment Plan for the Water and Sanitation Sub-Sector,' August 2009, *Ministry of Water and Environment*, pg. i

[124] Ministry of Finance, Planning and Economic Development, *National Budget Framework Paper FY2010/11 – FY2014-2015*, pg. 276 and 291 (excluding taxes, arrears and non tax revenue)

[125] *Ibid*

[126] *Ibid*

Agriculture, under the Weather, Climate and Climate Change vote function was also monitored, due to the increased funding to meteorology in FY09/10 and the recent approval by Parliament for the creation of a Meteorology Agency.

The monitoring criteria include:

(i) Projects that contribute to the sector's priority objectives;

(ii) Projects which have outputs that are physically verifiable;

(iii) Projects that have a significant level of expenditure, with financial data available;

(iv) Projects or issues that have budget policy implications, such as the sanitation grant.

The geographical scope of monitoring coverage includes Central Region, Eastern Region, Northern Region and Western Region. The sampling frame for FY09/10 is as follows:

Table 3.8.1: Sampling frame for FY09/10[127]

Vote Function and Project / Grant	Outputs Monitored with Locations	Time of Monitoring
Rural Water Supply and Sanitation vote function / (0163) Support to Rural Water Supply and Sanitation	(090172) Construction of Tororo gravity flow scheme in Tororo, Manafwa districts; drilling emergency boreholes in Amolotar, Bulisa, Lira, Masaka, Oyam, Pallisa, Sembabule, Sironko and Wakiso districts; extension of Bunyaraguru piped water system (090104) Pilot rainwater harvesting in Bushenyi, Isingiro and Rakai districts (090103) Sanitation campaigns in Kamuli, Masaka and Mbarara districts	Q3, Q4 Q1, Q3 Q1, Q2, Q4
Rural Water Supply and Sanitation vote function / (0158) School and Community IDPs	(090172) Construction of piped water systems in 8 RGCs in Apac, Gulu, Katakwi, Kitgum, Lira, Oyam and districts (090103) Construction of sanitation facilities in Luzira, Mukono and Rakai	Q1, Q2, Q4 Q4
Rural Water Supply and Sanitation vote function / District Water and Sanitation Conditional Grant	Construction of water points and sanitation facilities in Amuru, Apac, Arua, Gulu, Iganga, Jinja, Kaberamaido, Kamuli, Kasese, Katakwi, Kayunga, Kitgum, Koboko, Maracha-Terego, Moyo, Nakaseke, Nakasongola, Oyam, Pader, Palissa, Rakai, Wakiso and Yumbe districts Sanitation campaigns in Kaliro, Mubende, Mukono, Rakai and Wakiso districts	Q1, Q2, Q3, Q4 Q4
Urban Water Supply vote function / (0164)	(off-budget item) Construction of piped town water supply in Magale, Masafu, Namutumba, Sipi; Expansion of 6	Q2

[127] The codes used are consistent with the Ministry of Water and Environment's output based budget structure

Support to Small Towns Water Supply	piped town water supply systems in Kachumbala, Luweero, Rukungiri, Wakiso and Wobulenzi (090204) Restoration of functionality of piped water schemes in Nakasongola district (090272) Designs of new piped water schemes in Busolwe, Butalieja, Katovu, Lukaya and Trinyi-Kibuku	 Q4 Q4
Urban Water Supply vote function / (0160) Water and Sanitation Development Facility – West	(090205) Construction of ECOSAN facilities in Kabarole, Kasese, Ntungamo and Rakai (090272) Completion of piped water systems in Bushenyi, Kabarole, Kasese, Isingiro, Ntungamo and Rukungiri districts	Q2, Q4 Q1, Q2, Q4
Urban Water Supply vote function / (0174) Water and Sanitation Development Facility – North	(090272) Completion of piped water systems in Adjumani, Koboko, Maracha-Terego, Oyam and Yumbe districts	Q1, Q3
Urban Water Supply vote function / (0175) Water and Sanitation Development Facility – East	(090201) Establishment of offices and design of water supply systems for Abim, Bukedea and Kaabong (090272) Completion of Amuria piped water system and extension of Kangole water system to Morulinga in Moroto	Q3 Q3
Urban Water Supply vote function / (1015) Gulu Town Water Supply and Sewerage	(090272 and 090277) Construction works and machinery for Gulu town water supply	Q3
Water for Production vote function / (0169) Water for Production Project	(090372) Completion of Kagango dam in Isingiro, Obwengyero and Kagamba valley tanks in Isingiro, Leye dam in Apac, Olelpec Valley Tank and Olamia Valley Tanks in Apac, and Rubaare Valley Tank in Ntungamo district; Construction of Arechet and Kobeibei dams in Moroto district and Akwera dam in Otuke district	Q1, Q2, Q4
Weather, Climate and Climate Change vote function / (0140) Meteorological Support to PMA	Operation of meteorological monitoring stations in Entebbe, Jinja and Kasese	Q4

Source: Author

Methodology:

Projects were selected from the Ministry of Water and Environment's (MWE) Q2 progress report (Performance Form A) and district work plans (Performance Form B). Analysis of the efficiency and effectiveness of public spending was undertaken in line with the output based budget structure.

Efficiency was considered in terms of **operational efficiency** (whether reported expenditure is commensurate with the output monitored, with a consideration of unit costs); and **allocative efficiency** (proportion of expenditure on high priority areas, such as capital outputs compared with low priority areas such as recurrent expenditures[128]). Financial data was sourced from the Integrated Financial Management System (IFMS) for GoU project data and MWE Q3 Progress Report for donor development data. The expenditure data refers to the end of the Q3 FY09/10.0

Effectiveness of service provision was considered for interventions that are complete which involved monitoring indicators in the following areas:

- **Planning and design** (evidence of feasibility studies and environmental impact assessments, beneficiary consultations);
- **Quality of service provision** (functionality, water quality, reliability, timely implementation);
- **Access to services by intended beneficiaries** (affordability, gender and equity);
- **Management and administration** (trained board or committee, private operator).

Data collection methods included site observations, interviews with officials from the Directorate of Water Development (DWD), local government, private operators (PO); structured interviews with beneficiaries; and site photographs. A range of beneficiaries were interviewed including men, women and people with disabilities. Key literature sources included progress reports, contract documents, the Ministerial Policy Statement, the Budget Framework Paper and the Sector Performance Report (SPR) amongst others. Performance of the District Water and Sanitation Conditional Grant (DWSCG) was monitored by BMAU in partnership with the Resident District Commissioner's offices (RDCs), including District Internal Security Officers (DISOs) and Gombolola Internal Security Officers (GISOs). The field visits took place between 24th May and 24th June 2010.

Limitations:

- **Validity of donor financial data.** Donor expenditure data by project and output submitted by MWE cannot be verified by MFPED, as bank receipts are not readily available from the donor accounts in the Bank of Uganda or other project accounts.

3.8.2. Rural Water Supply and Sanitation Vote Function

This vote function contributes to the sector objective of *"The sustainable provision of safe water within easy reach and hygienic facilities."* Under the vote Ministry of Water and Environment, rural water supply and sanitation has been allocated UShs 10.45bn in FY09/10 which is 6% of the sector budget[129]. Under the vote Local Governments, rural water supply and sanitation has

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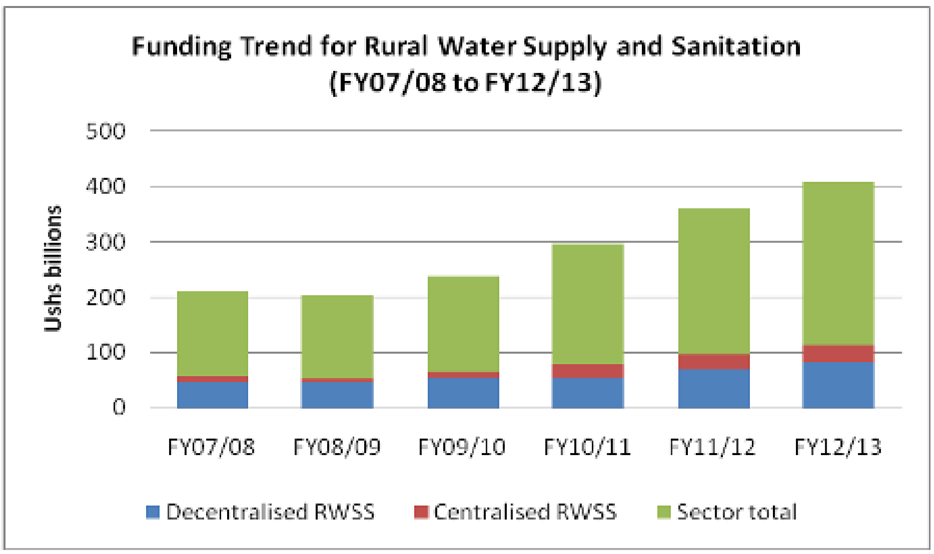
[128] Recurrent expenditures include allowances, workshops, seminars, travel inland, fuel and vehicle maintenance and should not exceed more than 10% of the budget

[129] Ministry of Finance, Planning and Economic Development, *National Budget Framework Paper FY2010/11-FY2014/15*, May 2010, pp. 280-3

been allocated UShs 55.38bn in FY09/10, which is 32% of the sector budget[130]. This is remitted to districts directly by the Treasury through the District Water and Sanitation Conditional Grant.

Over the medium term there is a projected increase in funding to rural water supply and sanitation, where the total sector allocation including centralised and decentralised services is UShs 65.83bn in FY09/10 and UShs 78.39bn in FY10/11. This translates to 38% of the sector budget in FY09/10 and 36% of the sector budget in FY10/11. Hence, the increase in funding allocation has not resulted in a higher proportion of the budget being allocated to rural water. Given that an estimated 85% of Ugandans live in rural areas[131] and the rapid multiplication in the number of districts it is of concern that the sector has not allocated a proportionate increase in funding to decentralised rural water supply and sanitation services, which will remain unchanged at UShs 55.38bn in FY10/11. The overall funding trends for rural water supply and sanitation are presented below:

Figure 3.8.1

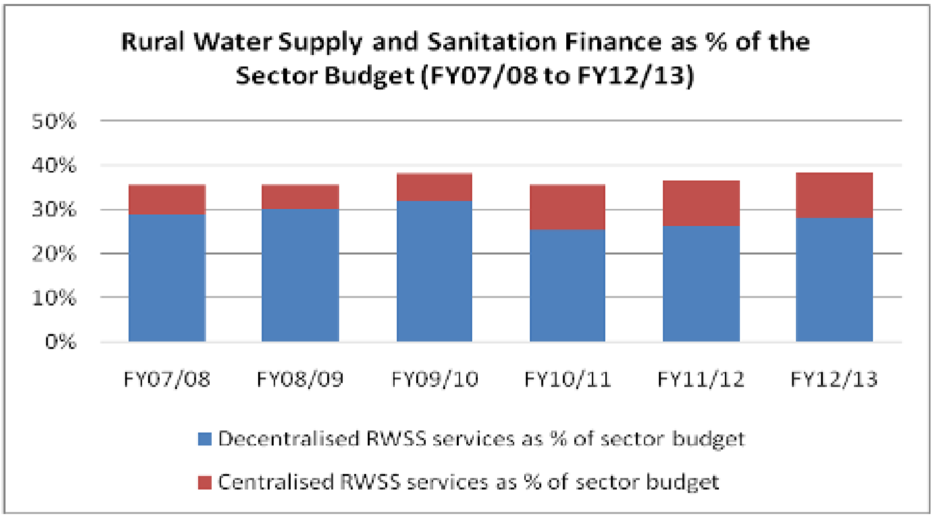


Source: MFPED

[130] *Ibid*

[131] National Planning Authority, *The 2008 National Service Delivery Survey*, May 2010, pg. 9

Figure 3.8.2



Source: MFPED

(a) School and Community IDPs Project (0158)

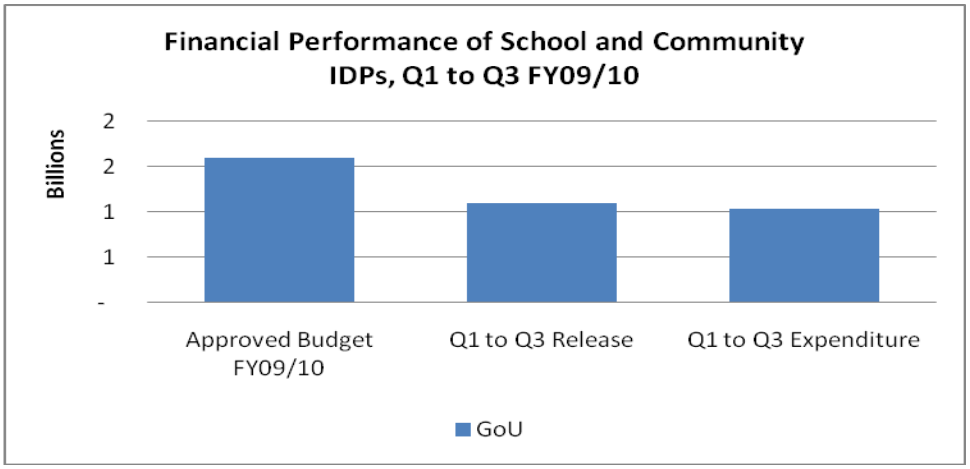
This project is fully funded by GoU and aims to improve water supply and sanitation facilities in areas affected by the conflict in northern Uganda. The project started in FY04/05 and is expected to be complete in FY16/17. Total planned expenditure is UShs 6.348bn[132]. In FY08/09 the planned output was the construction of eight motorised water supply schemes, but this was rolled over to FY09/10 due to prolonged procurement procedures. In Q1 FY09/10 three piped water systems were monitored: Northern Uganda Youth Development Centre and Lugore sub-county in Gulu district, and Minakulu sub-county in Oyam district. During Q2 five piped water systems were monitored: Adwari RGC in Otuke, Ayara RGC in Kole, Madi Opei RGC in Lamwo, Magoro RGC in Katakwi, and Orum RGC in Lira where construction was ongoing. In Q4 follow up visits were undertaken to all the sites, as well as construction of sanitation facilities in Luzira, Rakai and Wakiso. These come under the Output 090172 Government Buildings and Service Delivery Infrastructure.

Financial performance:

By the end of Q3 FY09/10, 69% of the budget was released, of which expenditure was at 93%. Analysis of the expenditure composition showed that 14% was on low priority items and 50% was on high priority items.

Figure 3.8.3

[132] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/12*, pg. 965



Source: MFPED

Physical performance:

Table 3.8.2 FY09/10 Performance of Output 090172 Government Buildings and Service Delivery Infrastructure, Schools and Community IDPs Project (0158)

Planned outputs (quantity and location)	Actual achievements monitored	Realisation of target	Financial performance (UShs GoU and donor)	Time of monitoring	Explanation of variance / comments
(i) Continue construction in 8 RGCs: (Adwari in Otuke, Ayara in Kole, Lugore and Gulu YC in Gulu, Magoro in Katakwi, Madiope in Lamwo, Minakulu in Oyam and Orum in Lira)	8	Off target	Annual budget: 1.02bn Q1 to Q3 release: 0.62bn Q1 to Q3 expenditure: 0.55bn Unspent balance: 0.065bn	Q1, Q2, Q4	Completion of schemes has been delayed as the contractors have not received payments.
(ii) Start new constructions in 6 RGCs: Bukholi, Iki-Iki, Kanyampanga, Karenga, Kyere and Ongino	0 – designs complete but no works have started	Off target			Insufficient funds available to start the constructions.

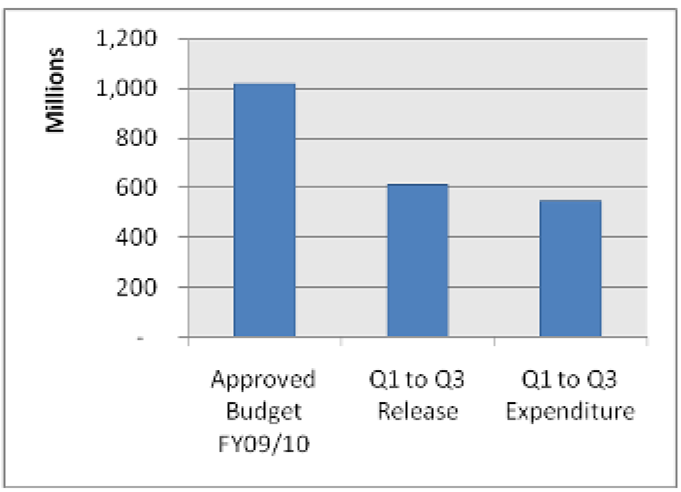
(iii) 7 sanitation facilities constructed	Construction monitored in Luzira, Mukono and Rakai. Other facilities planned include Iganga, Pallisa, Wakiso.	On target – but not all complete.		Q4	

Source: MWE and Field Findings

Output 090172 Government Buildings and Service Delivery Infrastructure

A summary of operational efficiency is below:

Figure 3.8.4 Financial Performance of Output 090172 Government Buildings and Service Delivery Infrastructure and link to Physical Performance



The combined contract sums are UShs 4.27bn compared with an approved budget of UShs 1.02bn, which implies unrealistic budgeting and could result in arrears accumulation. Physical works had stalled as contractors were not paid even though there is an unspent balance on the IFMS by the end of Q3. This implies inefficiencies in issuing payments, which currently involves 22 procedures.

Source: MFPED, MWE and Field Findings

There are three planned components under this output:

(i) Continuation of construction of eight water supply schemes in RGCs;
(ii) Construction of seven sanitation facilities;
(iii) Construction of piped water supply systems in Bukholi, Iki-Iki, Kanyampanga, Karenga, Kyere and Ongino.

(i) Continuation of construction of eight piped water supply schemes in RGCs:

The schemes were initially monitored in Q1 and Q2 FY09/10, and works were ongoing. In FY08/09 UShs 1.64bn was accounted for under this output even though no works had started as the sites were only handed over to contractors in September 2009. The current status of all the piped water systems is outlined below:

Table 3.8.3: Progress in the construction of eight piped water systems under School and Community IDPs Project

Expected output: completion of Adwari RGC piped water system in Otuke district
The contract price for the works is **UShs 826,730,952 VAT exclusive.** Works commenced on 31st August 2009 and the expected completion date was 1st March 2010. Works are delayed and are incomplete. The community has fulfilled its obligations and has contributed land for the construction. Outstanding works include construction of the reservoir tank, the pump house, water office and making connections. The contractor has reduced operations on site due to not receiving payments for the works.
Expected output: completion of Ayara RGC piped water system in Kole district
The contract price for the works is **UShs 378,357,648 VAT exclusive.** Works commenced on 1st September 2009 and the expected completion date was 1st March 2010. Progress to date includes the construction of a pump house, drilling of a production well and the basic structure of the water office block, but works are still incomplete, as the contractor left the site in May 2010 due to lack of payments.
Expected output: completion of Labora Northern Uganda Youth Development Centre (Commonwealth) piped water system in Gulu district
HSC was contracted to implement works at a cost of **UShs 214,173,000 VAT exclusive.** Works commenced on 5th September 2009 and were complete in December 2009 as planned[133]. A piped water system was initially installed in October 2007, and this project sought to upgrade the existing system. Water is flowing within the Youth Centre although the local community and the health centre are requesting for water to be extended. This is being considered by the Gulu District Water Office, which has been constrained by lack of access to the designs. Recently, the Centre was connected to electricity, but this has not been extended to the pump house, hence operating costs are still high.
Expected output: completion of Lugore RGC piped water system, Palaro sub-county in Gulu district
Kheny Technical Services Ltd. was contracted to implement the works at a cost of **UShs 663,433,735 VAT exclusive.** Construction supervision is being undertaken by Hydrauldic and Sanitation Consult (U) Ltd. Construction started on 9th September 2009 and was expected to be complete in March 2010[134]. Works began in November 2009 and are still incomplete, as the contractor abandoned site in February 2010 due to non-payment. The intended beneficiaries include a military training wing and prisoners. Progress to date includes pipes lying, drilling of a production well and the basic structure of the pump house. Works remain unfinished and there is no piped water on site.
Expected output: completion of Madi Opei RGC piped water system, Madi Opei sub-county in Lamwo district

[133] Ministry of Water and Environment, *3rd Progress Report for Labora Gulu Youth Centre Water Supply Project Lot1, December 2009*, pg. 1

[134] Ministry of Water and Environment, *3rd Progress Report for Construction of Lugore RGC Water Supply and Sanitation Project, December 2009*, pg. 1

Norrkorping was contracted to implement works at a cost of **UShs 572,732,890 VAT exclusive.** Construction supervision is being undertaken by Hydrauldic and Sanitation Consult (U) Ltd. Construction started on 10th September 2009[135]. Progress has been very slow and works are still incomplete, with an approximate 20% of works finished. The contractor abandoned the site in May 2010 due to non payment. Outstanding works include laying pipes (the trenches have been dug and there is a risk of livestock falling), completing the pump house and installing a reservoir tank. The sub-county has requested for documentation of this project, including designs but this has not been forthcoming by the MWE. The sub-county have also requested the contractor to involve local staff to promote sustainability of the system, but this has not received a positive response.
Expected output: completion of Magoro RGC piped water system in Katakwi district
Karobwa Technical Services Ltd. was contracted to implement works at a cost of **UShs 571,838,650 VAT exclusive.** Construction supervision is being undertaken by Hydrauldic and Sanitation Consult (U) Ltd. Construction works started on 11th September 2009[136] and were supposed to be complete in March 2010 but are still unfinished. The reservoir tank has not been constructed, the kiosks are still under construction where shutters are being put in place, and the contractors have not been seen on site since May 2010. The district was not involved in the process.
Expected output: completion of Minakulu RGC piped water system in Oyam district
The contract price for the works is **UShs 525,423,109 VAT exclusive.** Works commenced on 1st September 2009 and the expected completion date was 1st March 2010. The works have been delayed, although the contractor is on site. The remaining works include laying distribution lines, construction of public tap stands and making connections to households. The distribution lines are uncovered and there is a risk that livestock may fall through the trenches. A Water and Sanitation Board still has to be appointed. The main challenge is over land compensation which is an ongoing process. The original land owner sold the land to an institution, which is now demanding a higher level of compensation which is unaffordable to the sub-county. The land is now being valued and compensation may be supported by the MWE.
Expected output: completion of Orum RGC piped water system in Lira district
The contract price for the works is **UShs 516,129,430 VAT exclusive.** Works commenced on 31st August 2009 and the expected completion date was 1st March 2010. Construction is incomplete. There is no reservoir tank, although the basic structure of the pump house is in place. The contractor was last seen on site in March 2010. Again, late payments were said to be the reason the contractor left the site.

Source: Field Findings

Challenges

- There are delays to all sites as the contractors have not been paid even though IFMS records show that by the end of Q3 there was an unspent balance of UShs 65,606,310.

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135 Ministry of Water and Environment, *Progress Report for Construction of Madiopei RGC Water Supply and Sanitation Project, December 2009*, pg. 3

136 Ministry of Water and Environment, *3rd Progress Report for Construction Supervision of Magoro RGC Water Supply and Sanitation Project, Katakwi District, February 2010*, pg. iii

- In all cases the districts had limited involvement in the construction, where the site designs and related documentation were not shared. This will have implications for the long term sustainability of the systems once they have been handed over to the districts.

Incomplete construction of the pump house, Ayara RGC, Kole district

Trenching done but left uncovered posing a health and safety risk, Madi Opei RGC, Lamwo district

New reservoir complete as planned, Gulu Youth Centre. Gulu district

Construction of seven sanitation facilities:

Seven facilities were planned and three were monitored. The findings are presented below:

Table 3.8.4 Construction of Sanitation Facilities, School and Community IDPs Project

Expected output: construction of sanitation facility in Bukalango Prayer Palace, Kakiri Town Council, Wakiso district
An ECOSAN is under construction by the MWE, although at the time of the monitoring visit in June 2010 the works were incomplete and there were no contractors on site. Kakiri Town Council has also recently constructed a water borne toilet at the same site, which is of good quality and is being well maintained. As there are two different types of facilities on the same site the implication is that it will be harder to maintain the ECOSAN which has had limited success in public places. Furthermore, the district and Town Council expressed concern over poor communication from the MWE.
Expected output: construction of sanitation facility in Kimuli Senior Secondary School, Rakai district
Due to the inadequacy of existing facilities at the school, there was a ministerial intervention to construct sanitation facilities at the school. Construction started around September 2009 and is nearly complete but training still has to be provided. Based on past experiences, there have been challenges in using ECOSAN facilities in public institutions, such as schools. As a result, a varied practice is being implemented which follows a pilot in St. James Primary School in Luzira, where the treated faeces and urine is being stored and utilised by parents and other individuals for agricultural use.
Expected output: construction of sanitation facility at MWE staff headquarters, Luzira, Kampala
The construction is almost complete and finishing touches are remaining, such as door painting. Once

finished, the facility will serve staff members of the Ministry of Water and Environment.

Source: Field Findings

Construction of an ECOSAN facility at Bukalango Prayer Palace in Wakiso district next to a water borne toilet

Construction of an ECOSAN facility at Kimuli Secondary School, Rakai district

(ii) Construction of piped water supply systems in Bukholi, Iki-Iki, Kanyampanga, Karenga, Kyere and Ongino:

This was not achieved as planned and the current status is:

- The design report for Bukholi piped water supply system is finalised. The tendering process will start in September 2010. There will be phased implementation, where phase I is expected to total UShs 22bn.
- Construction of Kanyampanga Phase I is planned to start soon.
- Feasibility reports have been finalised for Iki-Iki, Karenga, Kyere and Ongino.

(b) Support to Rural Water Supply and Sanitation Project (0163)

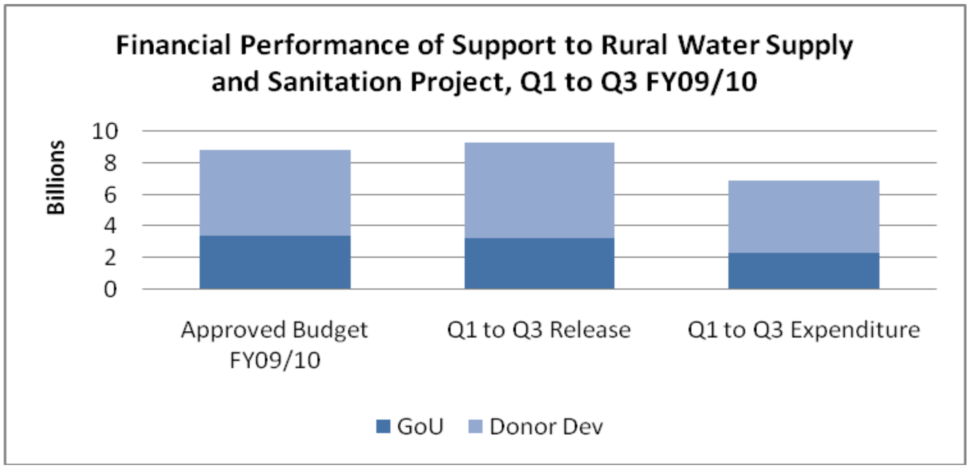
This is a centrally managed project which aims to support local governments and civil society organisations to build capacity for effective service delivery, particularly through the Technical Support Unit (TSU) modality. The project started in FY01/02 and completion is due in FY15/16. Expenditure to date has been UShs 28.6bn[137]. Expected outputs from this project include the construction of water supply and sanitation facilities in selected rural growth centres and the piloting of appropriate technologies such as rainwater harvesting. During Q4 the construction of Tororo – Manafwa gravity flow scheme was monitored, which comes under Output 090172 Government Buildings and Service Delivery Infrastructure.

[137] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/12*, pg. 973

Financial performance:

By the end of Q3 FY09/10, 105% of the total budget was released, of which expenditure was at 74%. Of the GoU expenditure, 35% was on low priority items (as 25% of total expenditure was on allowances) and 47% was on high priority items. Overall financial performance of the project from Q1 to Q3 FY09/10 is illustrated below:

Figure 3.8.5



Source: MFPED and MWE FY09/10

Physical performance:

A summary of performance of outputs monitored throughout FY09/10 under Support to Rural Water Supply Project is outlined below:

Table 3.8.5 FY09/10 Performance of Support to Rural Water Supply Project (0163)

Planned outputs (quantity and location)	Actual achievements monitored	Realisation of target	Financial performance (UShs GoU and donor)	Time of monitoring	Explanation of variance / comments
Output 090172 Government buildings and service delivery infrastructure					
Construction of Tororo - Manafwa GFS Drilling of emergency boreholes (No. not specified) Provide pipes for Budama	Works in progress 32 boreholes completed in Q3 Pipes not	On target N/A as target no. not provided Off target	Annual budget: 3.06bn Q1 to Q3 release: 4.6bn Q1 to Q3 expenditure: 3.45bn Unspent balance:	Q3, Q4	N/A High unit costs at 18mil; not all boreholes could be located; WSCs formed but not trained. N/A

Planned outputs (quantity and location)	Actual achievements monitored	Realisation of target	Financial performance (UShs GoU and donor)	Time of monitoring	Explanation of variance / comments
West water supply system	delivered		1.15bn		
Output 090104 Research and development of appropriate water and sanitation technologies					
400 rainwater harvesting pilots in Bushenyi and Isingiro Up-scaling iron removal plants	324 constructed Piloted in Rakai, but not up-scaled	Off target Off target	Annual budget: 0.65bn Q1 to Q3 release: 0.68bn Q1 to Q3 expenditure: 0.63bn Unspent balance: 0.054bn	Q1, Q3	Increasing unit costs so less achieved than planned, but there is still an unspent balance. Up-scaling strategy being developed.
Output 090103 Promotion of sanitation and hygiene education					
4 social marketing campaigns undertaken in Iganga, Kamuli, Mbarara and Mukono	Monitored in Mbarara and Kamuli	On target	Annual budget: 0.39bn Q1 to Q3 release: 0.44bn Q1 to Q3 expenditure: 0.37bn Unspent balance: 0.07bn	Q1, Q3	Only 4 campaigns planned against a budget of 0.39bn, yields a unit cost of 99.75mil. However, sector officials say a campaign costs approx. 12mil, implying 351mil was over-budgeted.

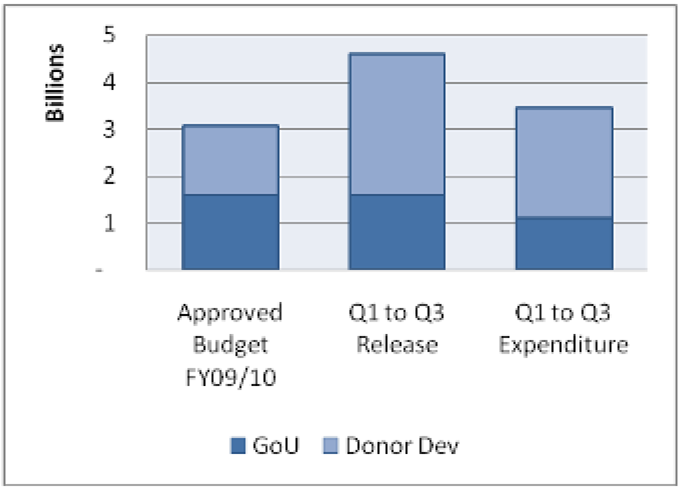
Source: MFPED, MWE and Field Findings

Output 090172 Government Buildings and Service Delivery Infrastructure

A summary of operational efficiency for this output is below:

Figure 3.8.6 Financial Performance of Output 090172 Government Buildings and Service Delivery Infrastructure and Link to Physical Performance:

The Q1 to Q3 release is higher than the approved budget due to an increase in donor funding. The outputs are progressing according to plan, with the exception of delivering pipes to Budama West. UShs 1.8bn has been paid for Tororo – Manafwa GFS and UShs 983mil has been paid for emergency boreholes, so the outputs are broadly commensurate with expenditure.



Source: MFPED, MWE and Field Findings

Expected output: ongoing construction of Tororo – Manafwa gravity flow scheme

Background: Given the lack of piped water supply in Tororo and Manafwa districts this is a long-awaited investment, which was initiated through a Presidential Pledge made in 2005. The site was handed over to the contractor on 14th January 2010 and the expected completion date is 28th January 2012[138]. The contract was awarded to M/S Vambeco Enterprises Ltd and consultancy supervision of works was awarded to Alliance Consultants in association with Infra-Consult Ltd. The **contract sum is UShs 7,591,236,901 VAT exclusive**, and by March 2010 UShs 1,837,670,100 had been certified. The estimated beneficiary population in 2009 is 31,804 and anon domestic population of 16,961. This yields an average per capita investment cost (PCIC) of UShs 155,670 or US$77, which is well above the sector average of US$63.6[139]. DWD has indicated that the high PCIC is due to the use of surface water (which requires treatment) and the bulk transfer of water across the districts of Manafwa and Tororo. The benefiting sub-counties include Bumwoni and Bubutu in Manafwa district, and Kwapa, Mella and Molo in Tororo district.

Field findings: Works are ongoing, where concentration of efforts is on the intake and treatment works. In June 2010 less than 5% of the works were complete, where delays were due to excessive rains. There is also a need to secure land for sanitation facilities and for water offices.

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[138] Ministry of Water and Environment, *Construction of Gravity Flow Scheme in Tororo and Manafwa Districts, Monthly Progress Report No.3, March 2010,* pg. 4

[139] Ministry of Water and Environment, *Water and Environment Sector Performance Report 2009, October 2009,* pg. 114

 

Works ongoing at Tororo - Manafwa gravity flow scheme

(c) District Water and Sanitation Conditional Grant

The approved annual budget is UShs 55.38bn. By the end of Q4 UShs 55.97bn was released, which is 101% of the budget. Progress under the DWSCG has been monitored throughout FY09/10 by the NGO Collaboration Officer in partnership with the RDC's office. The summary findings for FY09/10 are in table below. In addition, performance under the DWSCG was monitored in thirteen districts, for which the detailed findings have also been presented.

Table 3.8.6: Summary of Q1 to Q3 monitoring findings to assess performance under the DWSCG:

District	Summary Findings	Time of Monitoring in FY09/10	Trend
Iganga	• District is implementing rolled over activities from FY08/09. • Funds for boreholes were diverted to pay for a vehicle. • Construction of shallow wells was being done by an NGO, "Small Village Project" where the district provided spare parts.	Q1	Q1: implement rolled over activities from previous financial year. Procurement process initiated.
Maracha-Terego	• Boreholes constructed in Q4 FY08/09 were monitored, which were well constructed and functioning.	Q1	
Palissa	• District is implementing rolled over activities from FY08/09.	Q1	
Rakai	• District is implementing rolled over activities from FY08/09. • Implementation did not follow the work plan as funds	Q1	

	were diverted to rehabilitation of boreholes from other activities. • Rainwater harvest tanks were constructed in the homes of local leaders but community allowed access.		
Gulu	• Procurement processes underway.	Q2	Q2: procurement ongoing.
Kaberamaido	• Procurement processes underway.	Q2	
Nakaseke	• Procurement processes underway.	Q2	
Apac	• District reported that 5 medium springs were constructed but these could not be physically traced by the GISO/DISO.	Q3	Q3: some works have started but procurement is still ongoing.
Kamuli	• Works ongoing for latrines, shallow well and hand dug wells.	Q3	
Kasese	• Major works have not started as procurement processes are still ongoing. • District reported 20 small springs were constructed but the GISO could only trace 2.	Q3	
Katakwi	• Works pending due to ongoing procurement processes.	Q3	

Source: BMAU Q1 to Q3, FY09/10 Progress Reports

The field findings for the districts specifically monitored in Q4 are below. It should be noted tghat the actual output refers to status at the time of the monitoring visit, and not the end of Q4 FY 09/10.

(i) Amuru district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 782,057,460, of which PRDP is 39,400,000
- Q1 to Q4 Release: UShs 664,240,000
- % of Annual Budget Released: 85%

Table 3.8.7 Physical and Financial Performance for Amuru District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs mil)
Drilling and installation of 28 deep boreholes	16 completed and functional in Acutomer, Oberabic, Lamola, Opek, Pakiri, Aringotoo, Goka, Obira, Agweng, Tegot, Wii Obul, Lapem, Pida, Gonycog, Adibuk, Paminalong, Patira West and Adilang	Budget: 462million (m) Release: 462m Expenditure: 0 No payments have been certified for works done

Construction of 15 shallow wells in AmuruT/C, Lamogi SC, Pabbo SC, Alero SC, Anaka SC, Goma SC and Purongo SC	None has been done to date. But the money has been committed	Budget: 104m Release: 96m Expenditure: 0
Construction of 4 latrines in Amuru T/C (2 drainable latrines); Atiak and Abalokodi (2 ECOSAN)	Tenders had just been awarded and work has started	Budget: 45.3m Release: 44.5m Expenditure: 0

Source: Field Findings and GISO / DISO Reports

(ii) Arua district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 849,075,938, of which PRDP is 149,969,000
- Q1 to Q4 Release: UShs 813,774,000
- % of Annual Budget Released: 96%

Table 3.8.8 Physical and Financial Performance for Arua District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs mil)
Construct 12 protected springs	Work ongoing in Ayava, Ekalawa,Tiba, Ombaranya, Ewuata, Alivu, Egaa, IdriAiia, Ozukuva, Odruu and Arava	Budget: 66m Release: 66m Expenditure: 44.9m
Construction of 6 hand dug wells	4 have been completed and 2 are ongoing in the areas of Ayikoze and Oniva	Budget: 36m Release: 36m Expenditure: 34.7m
Drilling 6 motorised shallow wells	All the 6 have been drilled and are completed in Ewazoku. Ayivu, Otriku, Okuozoku, Opebaku, Andifeku B	Budget: 49m Release: 49m Expenditure: 41.9m
Designing 1 GFS	The GFS is on going in Ogoko RGC	Budget: 30m Release: 30m Expenditure: 25m
Drilling 21 deep wells in Arivu,Logiri, Pajuru, Oluko, Adumu,Vurra, Dadamu, Ajia, Manibe, Aroi	All work completed but the DWO did not share all the information on the locations and financial data. SNV is actively constructing water points in Arua, and have not been informed by the district if counterpart funding is available.	Budget: 327m Release: not provided Expenditure: not provided

Source: Field Findings and GISO / DISO Reports

(iii) Iganga District

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 804,169,084
- Q1 to Q4 Release: UShs 763,233,000
- % of Annual Budget Released: 95%

Table 3.8.9 Physical and Financial Performance for Iganga District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Drilling and installation of 20 deep wells	10 were completed and are operational Irongo SC, Nawandala SC, Bulongo SC, Nawampiti SC, and in Ikumbya SC. 10 contracts signed in Nakigo SC, Igombe, Namalenba SC, Namungalwe SC, Nambale SC, Nabitende SC, Matumu SC, Nakalama SC	Budget: 326m Release: not provided Expenditure: 206m
Construction of 16 motorised shallow wells	Citing completed for all the 16, and 8 have been drilled in the areas of Ikumbya, Bukoona, Nakawa, Nawandhala, Nakalama, Nakigo, Buynga and Kitikiiro	Budget: 166.4m Release: not provided Expenditure: 16.7m
Construction of 4 protection springs	Locations have been cited and tenders awarded in Igombe SC and Makutu SC	Budget: 10m Release: not provided Expenditure: 2m
Construction of 20 hand dug wells	The district contributed towards spare materials and the construction was done by an NGO called Small Village Water Project in Buwooya, Nakabugu, Nabugo, Nawansinge, Nawansisi, Buyanga, Nawampiti, Nakisiga	Budget: 30m Release: not provided Expenditure: 30m
Rehabilitation of 3 deep wells in Buyanga SC, Nambale SC and Waibuga SC	No works have started	Budget: 13.5m Release: not provided Expenditure: not provided
Construction of 3 RGC latrines and 1 Ecosan Bunyiro, Bulamagi and Ibulanku	2 ongoing; no land has been secured for the 3rd site in Ibulanku	Budget: 24m Release: not provided Expenditure: 8.6m

Source: Field Findings and GISO / DISO Reports

(iv) Jinja district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 804,169,084
- Q1 to Q4 Release: UShs 763,233,000
- % of Annual Budget Released: 95%

Table 3.8.10 Physical and Financial Performance for Jinja District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Drilling and installation of 24 deep boreholes	16 completed and functional in Nabitambala, Kisizi, Namulondo, Kinyonyi, Bulinda, Katalakabi, Kiyumba, Mesulam, Namazala, Lukolo West, Nakanyonyi, Buwenge Central, Kagera Central, Lumuli, Kabowa, Iwololo. But not all were done by the district	Budget: 384m Release: 384m Expenditure: 256m
Construction of 8 motorised medium wells in Iwololoa, Muguluka West, Magamaga East, Bukyebambe B, Bulinda, Lwanda, Kisasi, Buwolero Igombe	8 constructed: 6 completed and 2 ongoing	Budget:74m Release: 74m Expenditure: 60m
Construction of 9 hand dug shallow wells	7 have been completed and 2 in Bukolwa and Yuuka are being drilled.	Budget: 54m Release: 54m Expenditure: 42m
Construction of 5 spring wells	5 achieved in Kivubuka B, Kigaya, Kigaya Butiki-Mataala and Bugobya the suggested areas (according to the GISOs, 2 of these were constructed in FY08/09)	Budget: 17.5m Release: 17.5m Expenditure: 17.5m
Construction of 4 VIP public latrines in Lukolo, Nawampanda, Mawoito, Budumbula RGCs	Nothing has been done so far due to the slow procurement process	Budget: 30m Release: 30m Expenditure: 0
Construction of 1 ECOSAN toilet in Lubani T/C	Work had just started due to the slow procurement process	Budget: 15m Release:15m Expenditure: 10m

Source: Field Findings and GISO / DISO Reports

Jinja district reported construction of this borehole at Mpumwire Muslim P/S but it was actually drilled by friends of the school from South Africa in 2007

Drilling complete at Nakasongola Prison but pumps need to be installed

(v) Kayunga District

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 552,996,102
- Q1 to Q4 Release: UShs 524,846,000
- % of Annual Budget Released: 95%

Table 3.8.11 Physical and Financial Performance for Kayunga District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Construction of 13 deep wells	12 successfully drilled and are functional in the areas of Nabityanka, Kyamuletere, Kasolokamponye, Kakyika, Nkokonjeru, Nnongo, Kyaato III, Namabuga, Kyampisi, Bisaka, Bumaalio and Jiira	Budget:188.5m Release:172.3m Expenditure: 88.4m
Construction of 7 hand dug wells	Work still in Kangulumira SC, Nazigo SC, Kayunga SC	Budget: 35m Release: 29.8m Expenditure: 10m
Rehabilitation of 14 boreholes	11 were rehabilitated and are functional in Kigayaza, Kyampisi, Bisaka, Bumali, Nnongoto, Kyato, Kitimbwa and Namabuga	Budget: 41.3m Release: 39.2m Expenditure: 37m
Construction of GFS	Phase 1 of the project has been completed	Budget: 150m

	in Nazigo	Release: Expenditure: 141m
Hydro-geological citing, design and supervision for 7 hand dug wells and 13 bore holes	Activity was carried out in Kangulumira SC, Nazigo SC, Galiraaya SC, Kayonza SC, KitimbwaSC, Kangulumira SC, Bbaale SC, Nazogo SC and Busaana SC and Kayunga SC	Budget: not provided Release: not provided Expenditure: 23.3m– not all payments are complete

Source: Field Findings and GISO / DISO Reports

(vi) Kitgum District

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 1,159,203,486 of which PRDP is UShs 376,519,000
- Q1 to Q4 Release: UShs 1,100,195,000
- % of Annual Budget Released: 95%

Table 3.8.12 Physical and Financial Performance for Kitgum District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Construction of 7 deep wells	6 bore holes constructed in Lokung, Padibe East, Paloga, Agoro, Madi Opei	Budget: 156m Release: not provided Expenditure: 147m
Construction of 10 deep wells	8 deep wells constructed in Oroma, Namokoro, Omiya Anyima, Kitgum Matidi, Lagoro, Layamo, Akwang and Palabek Kal	Budget: 223m Release: not provided Expenditure: 210m
Construction of 5 bore holes	5 bore holes were constructed in Madi Opei, Mucwini, Agoro, Paloga, Padibe East	Budget: 111m Release: not provided Expenditure: 105m
Construction of 20 deep wells	19 bore holes constructed in Palabek, Orom NamakoraA Namakora B, Omayim, Anyima, Kitgum, Matidi, LagoroA , Lagoro B, Agoro A and Agoro B, Palogo, Ogiri, Omiya, Akwanga, Amidi, Mucwini, Amida	Budget: 447m Release: not provided Expenditure: 420mil
Construction of 3 drainable latrines in Atwoli Market in Padibe, Ogili Market in Palabec and Anyima Market in Omiya	2 completed and 1 ongoing in the proposed sites	Budget: 40.7m Release: not provided Expenditure: 39m

Rehabilitation of 12 bore holes	9 bore holes were rehabilitated in Atwoli Market in Padibe,Ogili Market in Palabec Anyima Market and Omiya	Budget: 11.7m Release: not provided Expenditure: 5.7m
Supply of borehole spares	Spares supplied in Atwoli Market in Padibe,Ogili Market in Palabec Anyima Market and Omiya	Budget: 6m Release: not provided Expenditure: 6m
Supply of sanitation tools	Tools supplied to Kitgum water department	Not provided

Source: Field Findings and GISO / DISO Reports

(vii) Koboko District

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 595,180,136, of which PRDP is 48,276,000
- Q1 to Q4 Release: UShs 438,342,000
- % of Annual Budget Released: 74%

Table 3.8.13 Physical and Financial Performance for Koboko District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs milion)
Drilling of 14 deep wells	13 deep wells drilled and functional in Monodu SC, Ludara SC, Chakulia SC, Kuluba SC, Dricile SC, Lurunu SC, Nyai SC, Lobule SC, Ponyura SC, Godia SC, Ayipe SC, Metino SC	Budget: 224m Release: not provided Expenditure: 193m
Construction of 14 shallow wells	9 wells done: 6 are functional; 3 works are ongoing. Work has been done by an NGO called ACAV PAT in the locations of Pamodo SC, Ludara SC, Chakulia SC, Dricile SC, Aliribu SC, Yatwe SC, Midia SC, Ayipe SC, Oraba SC and Longiri	Budget: 77.6m Release: not provided Expenditure: 0
Construction of 8 protected springs	4 ongoing: 2 completed and 2 ongoing in Gborokolongo SC, Media SC, Ajipala SC and Gure SC	Budget: 36m Release: not provided Expenditure:12m
Rehabilitation of 1 GFS	1 GFS Rehabilitation in progress in Ponyuru SC	Budget: 48.2m Release: not provided Expenditure: 52.3m
Citing and supervision of 14 boreholes	14 boreholes sited and supervised in Monodu SC,Ludara SC, Chakulia SC, Kuluba SC, Dricile SC, Luruna SC, Nyai	Budget: 28m Release: not provided Expenditure: 24m

	SC, Lobule SC, Ponyura SC, Godia SC, Ayipe SC and Metino SC	

Source: Field Findings and GISO / DISO Reports

(viii) Moyo district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 904,638,126, of which PRDP is 96,840,000
- Q1 to Q4 Release: UShs 863,702,000
- % of Annual Budget Released: 95%

Financial release is greater than the budget for some outputs due to additional PRDP funds.

Table 3.8.14 Physical and Financial Performance for Moyo District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Drilling and installation of 13 deep boreholes	Tenders have been awarded in Lefori, Moyo SC, Metu SC, Dufile SC, Lefori SC, Aliba SC, and 1 in Itura SC	Budget: 221m Release: 243m Expenditure: 22.9m
Borehole drilling	Drilling completed in Lefori SC, Moyo SC, Moyo TC, Moyo SC, Obongi SC, and West Moyo	Budget: 26m Release: 26m Expenditure: 20m
Construction of 1 public flush toilet	Work has just started due to late procurement in West Moyo	Budget: 13m Release: not provided Expenditure: not provided
Rehabilitation of 16 boreholes	Works ongoing in Dufile SC, Aliba SC, Moyo SC, Itura SC, Lefori SC and Moyo TC	Budget: 65.5m Release: 70.9m Expenditure: 63m
Construction of 2 VIP 5 stances pit latrines	Sites ready and materials available in Dufile SC and Gumara SC	Budget: 30m Release: not provided Expenditure: not provided
Construction of 1RGC piped water system in Itura SC	Materials available and activities on the way	Budget: 180m Release: 180m Expenditure: not provided
Construction of 1 Gravity Flow Scheme	Work in progress in Dufile SC	Budget: 100m Release: not provided Expenditure: 195m

Source: Field Findings and GISO / DISO Reports

(ix) Nakasongola district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 735,367,268
- Q1 to Q4 Release: UShs 697,933,000
- % of Annual Budget Released: 95%

Table 3.8.15 Physical and Financial Performance for Nakasongola District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Drilling of deep 7 deep wells in Kalyakoti, Kyebisire, Kisozi, Junda, Kidugala, Prison and Walusi	Activity not done due to the slow procurement process	Budget: 117.6m Release: not provided Expenditure: 0
Construction of 3 valley Tanks	Works have recently begun in Kabira, Rwakataba, Kalinda- Ngolwe	Budget: 117.6m Release: not provided Expenditure: 0
Construction of 2 VIP Latrines	Work on going in Moone and Timba	Budget: 13m Release: not provided Expenditure: 12.4m
Rehabilitation of 12 boreholes	4 completed and functional in the areas of Kisenyi P/S, Kabale Church, Batuusa and Kasozi; 8 on going in the areas of Kanyonyi, Kirowooza, Wabikonkome, Mpumwire, Kansira P/S, Kabayongo, Kimanga, Migyera opposite dam	Budget: 41.4m Release: not provided Expenditure: 37.3m
Promotion of Domestic Rainwater Harvesting	Work has just begun in Buyamba and Nabwita	Budget: 2.6m Release: not provided Expenditure: 2.6m
Construction of a water supply	Construction is on going in Kakooge	Budget: 526.5m Release: not provided Expenditure: 473.8m

Source: Field Findings and GISO / DISO Reports

(x) Oyam district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 942,215,000, of which PRDP is 508,160,000
- Q1 to Q4 Release: UShs 982,117,000
- % of Annual Budget Released: 104%

Table 3.8.16 Physical and Financial Performance for Oyam District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Construction of 7 spring wells	7 spring wells completed in Minakulu SC, Ngai SC, Acaba SC, Iceme SC and Otwalo SC	Budget: 24.5m Release: not provided Expenditure: 6.76m
Rehabilitation of 20 boreholes	10 boreholes rehabilitated in Otwalo SC, Minakulu SC, Ngai SC, Loro SC and Iceme SC	Budget: 34m Release: 29.9m Expenditure: 26.6m
Construction of 21 motorised shallow wells	10 are completed and functional in the areas of Lero, Aceme SC, Aber SC and in Acaba SC	Budget: 126m Release: 60m Expenditure: 55.8m
Construction of 4 production wells	2 have been completed in Aber SC and Otwal SC	Budget: 170m Release: 8.5m Expenditure: 7.5m
Construction of 4 deep wells	None have been constructed	Budget: 63.5m Release: not provided Expenditure: 0

Source: ***Field Findings and GISO / DISO Reports***

(xi) Pader district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 1,026,008,729, of which PRDP is UShs 463,167,000
- Q1 to Q4 Release: UShs 998,241,000
- % of Annual Budget Released: 97%

Table 3.8.17 Physical and Financial Performance for Pader District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)

Drilling of 42 deep wells	32 were attempted: 21 are complete, 1 failed,1 was not done and 9 are on going	Budget: 882m Release: not provided Expenditure: 798m
Rehabilitation of 15 boreholes	15 bore holes rehabilitated and completed in Dure, Central Ward, Odwor, Adilang T/C, Atut Arweny, Adongkena, Rachkoko Trading Centre, Acholibur Centre, Ogong	Budget: 60m Release: not provided Expenditure: 46.8m
Construction of 11 shallow wells	11 wells completed in lagile, Oret, Gem Central, Latigi, Gojan, Ademi, Awondwee, Polcani, Ogong, Ngekidi, Oryang	Budget: 77m Release: not provided Expenditure: 71.5m
Construction of 7 protected springs	7 protected springs constructed in Awere, Omot, Adilang, Pajule, Atanga, Puranga, Patango	Budget: 35m Release: not provided Expenditure: 28m

Source: Field Findings and GISO / DISO Reports

(xii) Wakiso District

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 734,842,110
- Q1 to Q4 Release: UShs 814,697,000
- % of Annual Budget Released: 111%

Table 3.8.18 Physical and Financial Performance for Wakiso District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Rehabilitation of 7 boreholes	6 bore holes rehabilitated all in Busukuma SC	Budget: 24.5m Release: not provided Expenditure: 21m (Committed)
Construction of 7 deep wells	Activity ongoing. Citing is complete for 3 locations and pipes have to be installed in the other locations	Budget: 122m Release: 17m Expenditure: not provided
Construction of 20 shallow well	12 are ongoing in Ssisa, Gombe, Busukuma, Nangabo, Nsangi, Namayumba, Masulita, Wakiso	Budget: 100m Release: not provided Expenditure: 60m
Construction of 4 motorised shallow wells Gombe,	Work still pending only 2 have been	Budget: not provided

Kakiri, Masulita and Siisa	cited	Release: not provided Expenditure: not provided

Source: Field Findings and GISO / DISO Reports

(xiii) Yumbe district

A summary of financial performance is below:

- Approved Annual Budget Estimate: UShs 900,807,800, of which PRDP is UShs 121,074,000
- Q1 to Q4 Release: UShs 677,763,000
- % of Annual Budget Released: 75%

Table 3.8.19 Physical and Financial Performance for Yumbe District under the DWSCG

Planned Output	Actual Output	Financial Data (UShs million)
Drilling of 24 deep boreholes	24 deep wells completed and in use in Romogi SC, Kei SC, Kn. Apo SC, Drajiuru SC, Odravu SC and Midigo SC	Budget: 408m Release: 338m Expenditure: 338m
Construction of 6 shallow wells	6 shallow wells constructed in Drajin SC, Kuru SC, Kei SC and Midigo SC	Budget: 39.6m Release: 39.6m Expenditure: 39.6m
Rehabilitation of 6 boreholes	6 bore holes rehabilitated in Kuru SC, Kei SC, Romogi SC, and Odravu SC	Budget: 30m Release: 23.2m Expenditure: 23.2m
Construction of 1 public latrine	Project ongoing excavation done in Lobe SC	Budget: 11.7m Release: 16.5m (additional funds used from PRDP) Expenditure:16.5
Construction of 1 GFS	On going with 3 private connections in Kuru SC, Odravu SC	Budget: 121m Release: 121m Expenditure: 121m
Borehole citing and supervision of 24 sites	24 boreholes cited designed and supervised in Romogi SC, Kei SC, Kn. Apo SC, Drajiuru SC, Odravu SC and Midigo SC	Budget: 48m Release: 32.5m Expenditure: 32.5m

Source: Field Findings and GISO / DISO Reports

Summary of challenges

- **Procurement:** Completion of outputs stated in the work plan has been delayed in all districts due to prolonged procurement procedures.
- **Implementation by NGOs and Development Partners:** In the districts of Arua, Iganga and Koboko it was observed that outputs in the work plan were completed by NGOs and Development Partners, although the funding source was not indicated in reports submitted to MWE and MFPED.
- **General works account:** In certain districts such as Koboko funds were diverted away from water activities to the general works, as the District Water Officer is not the vote controller.

(d) Promoting environmental sanitation and hygiene

Background: In FY08/09, access to improved sanitation was at 68% for rural households and 73% for urban households against targets of 69% and 77% respectively[140]. There are far reaching benefits of improved environmental sanitation and hygiene, such as lowering the risk of waterborne diarrheal diseases. A recent study by the World Health Organisation provides evidence that a US$1 investment in sanitation in Sub-Saharan Africa would result in a benefit of US$6.6, calculated as the related health cost savings and productivity benefits[141]. Despite this impressive cost benefit ratio, sanitation is under-prioritised and implementation is fragmented.

To address this, MFPED established a sanitation conditional grant in March 2009, although no funds have been allocated. Hence, the field visits sought to determine how funds available for sanitation and hygiene are being utilised with recommendations for future funding. The districts visited include Wakiso, Mukono, Mubende, Rakai and Kaliro, since with the exception of Wakiso the rest have "model villages[142]" which should offer lessons learnt on successful implementation that can be shared with other districts.

Financing available for environmental sanitation and hygiene:

There are three main streams of on-budget financing:

- **The District Water and Sanitation Conditional Grant** under the Ministry of Water and Environment. In FY10/11 8% has been allocated to "software" which is a reduction from 11% in FY09/10. However, this guideline is not observed and there is under spending on sanitation, where in FY08/09 only 3% was spent on the sanitation budget line[143].

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[140] Ministry of Water and Environment, *Water and Environment Sector Progress Report, October 2009,* pg. viii

[141] World Health Organisation, *Economic and Health Effects of Increasing Coverage of Low-Cost Household Drinking-Water Supply and Sanitation Interventions to Countries Off-Track to Meet the MDG Target 10,* Geneva 2007, pg. 20

[142] Each of the eight TSU's selects one model village which is the best performing in terms of sanitation and other related human development indicators, including food security and health.

[143] Ministry of Water and Environment, *Water and Environment Sector Performance Report 2009, October 2009,* pg. 133

- **The Primary Health Care non-wage Conditional Grant (PHCCG)** under the Ministry of Health. It is estimated that only 2% is actually used to improve sanitation according to a 2006 DWD commissioned study on sanitation and hygiene[144].
- **School Facilities Grant (SFG)** under the Ministry of Education and Sports. A significant proportion of this grant is intended for school sanitation.

In addition, off-budget financing for environmental sanitation and hygiene can be sourced from household/individual investment, non-governmental organisations and UN agencies, and investments by the private sector.

Coordination in implementation

A Memorandum of Understanding exists between the three line ministries: MWE is responsible for sewerage services and public facilities in towns and RGCs, MOH is responsible for household sanitation and hygiene, and MES is responsible for school latrine construction and hygiene education. However, these roles and responsibilities are not implemented in practice. For example, sanitation campaigns which focus on household sanitation are primarily financed from the DWSCG, but implemented by the District Health Inspector and health extension workers who receive allowances from the DWSCG.

Under prioritisation of sanitation was also noted, where institutions focus on their core mandates over sanitation, such as water development for the MWE, pupil-teacher ratio for the MES and drugs supply for the MOH. Hence, in an emergency situation, funds for sanitation are the first in line to be diverted. This was the case in Mubende and Wakiso district, where latrines were not constructed even though they were in the work plan, and funds for sanitation software were used for gathering data on mapping water points.

Box 3.8.1 Sanitation Campaigns and Model Villages

One of the main focuses of sanitation activities in districts is the implementation of household sanitation campaigns, which usually focus on only one village in an entire district. The campaign is coordinated by the water and health departments, with oversight from the Technical Support Units (TSU), which come under the remit of the MWE. A campaign involves village level sensitisation and household visits, which are led by sub-county health extension workers.

Household sanitation performance is assessed through a checklist, which includes indicators such as latrine construction, evidence of agricultural productivity with a separate area for poultry, hand washing facilities and general cleanliness of the compound. Households do not receive monetary incentives and so emphasis is on the use of readily available local materials. The most

[144] The World Bank, *Environmental Sanitation in Uganda: Addressing Institutional and Financial Challenges,* June 2008, pg.34

successful village in a TSU region is then known as the "model village" and households receive prizes for their efforts. TSU's are allocated approximately UShs 5mil for awarding prizes. Each model village proceeds to compete at the national level. In determining what makes a model village, there were some common themes of success highlighted by district officials and beneficiaries, which contribute to behaviour change:

- Strong local / political leadership. The most concrete example was through the enactment of sanitation ordinances, where local leaders would "name and shame" and / or penalise households without a latrine;
- Beneficiaries were motivated by appreciation from others and recognised success, including receipt of visitors and prizes;
- Active sensitisation by health assistant workers, with emphasis on disease prevention.
- A gender related observation is that it was mostly the women in households who took responsibility for implementing changes;
- Involvement of individuals and NGOs. For example in Rakai district the UNDP Millennium Village Project supported 3 model villages in FY08/09, as well as World Vision and other local NGOs.

Where the campaigns are successful there are clear benefits:

*"The campaign gave us the motivation to improve our households. Before, the campaign our children used to fall sick, especially with malaria and diarrhoea but now they no longer fall sick."*Beneficiary, Kaliro district

"Since our house was recognised in the campaign my husband keeps on praising me and encourages me to continue." Beneficiary, Mukono district

Source: Field Findings

Recommendations:

Given the under-prioritisation of sanitation, and the risk of diverting funds to other priorities (such as the recent reduction in funds to the sanitation budget line under the DWSCG in favour of rehabilitating water sources), the line ministries need to show commitment by allocating resources directly to the Sanitation Conditional Grant. It should be stressed that resources need to be allocated by all the line ministries to promote joint responsibility and commitment. Some commitments to date have been recognised: the MWE has demonstrable high level political support for sanitation, and has established the output code "promotion of sanitation and hygiene education" within its budget; and the MES had allocated a large portion of the SFG to school latrine construction in FY09/10, although this was largely disputed by local government officials and diverted to other priorities. Hence, the need to ring-fence funds for sanitation should be stressed with clear guidelines on the operation of the conditional grant.

One immediate source of funding from the MWE could be from the vote function rural water supply and sanitation centralised services from "output 090103 promotion of sanitation and hygiene education." One of the key components under this output is the implementation of sanitation campaigns, which is already undertaken jointly with local health workers, as indicated in the section on sanitation campaigns and model villages. Similarly, the other line ministries should also make proposals on where resources can be allocated for sanitation within the existing budgets. Once this level of commitment has been indicated by the line ministries, the MFPED can consider allocating additional resources. When considering funding requirements, the cost effectiveness of implementing sanitation activities should be stressed, where one sanitation campaign costs approximately UShs 8-10mil. Furthermore, the line ministries, the MFPED and Ministry of Public Service (MOPS) need to come to an agreement on which institution would be responsible for the sanitation conditional grant, as soon as possible to initialise operation.

Use of an energy saving stove in Kaliro district

Plot of agricultural land to promote food security

Construction of a pit latrine

Use of a "tippy tap" as a hand washing facility to avoid wastage of water

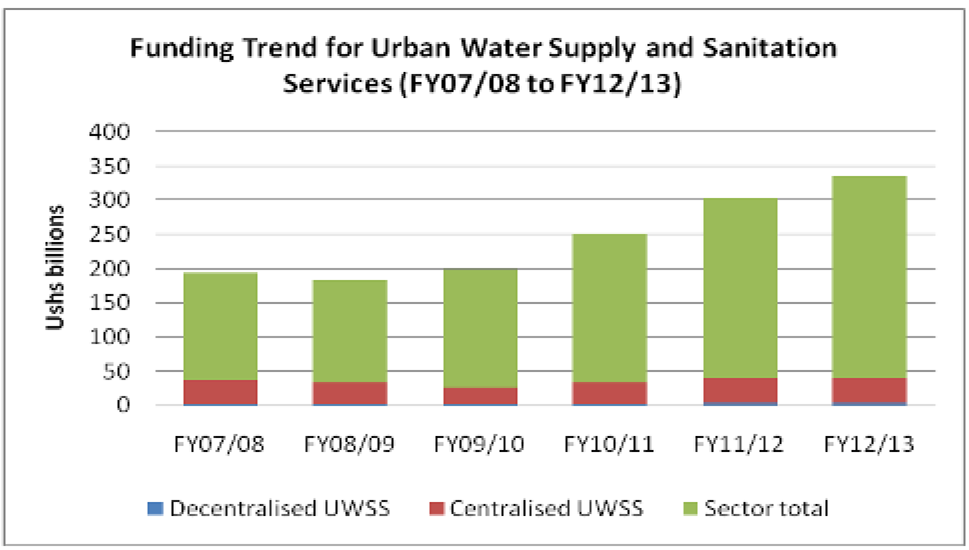
3.8.3. Urban Water Supply and Sanitation Vote Function

This vote function contributes to the sector objective of *"Provision of viable urban water supply and sewerage/sanitation systems for domestic, industrial and commercial uses."* Under the vote Ministry of Water and Environment, urban water supply and sanitation was allocated UShs

24.5bn in FY09/10 which is 13% of the sector budget[145]. Under the vote Local Governments, urban water supply and sanitation services (Operations and Maintenance Grant) was allocated UShs 2.3bn in FY09/10, which is only 1% of the sector budget[146].

Allocations to urban water supply and sanitation services have declined since FY07/08, although there is an increase planned in FY10/11, where the total sector allocation including centralised and decentralised services is UShs 26.8bn in FY09/10 and UShs 33bn in FY10/11. This translates to 16% of the sector budget in FY09/10 and 15% of the sector budget in FY10/11. Thus the increase in funding allocation has not resulted in a higher proportion of the budget being allocated to urban water services. Over the medium term, allocation to decentralised urban water services is projected to remain at only 1% of the sector budget. This has implications for the long-term functionality of piped water systems and indicates lack of prioritisation for operations and maintenance. The overall funding trends for urban water supply and sanitation services are presented below:

Figure 3.8.7

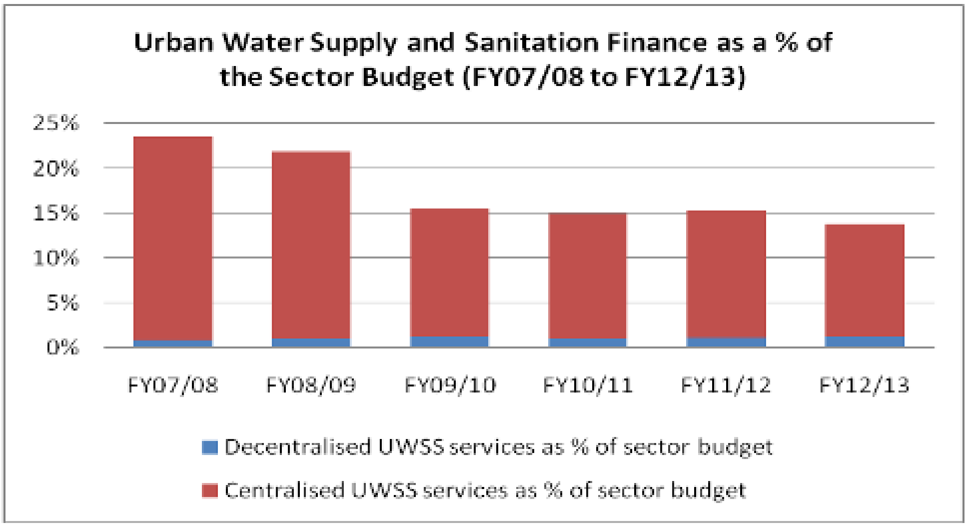


Source: MFPED

[145] Ministry of Finance, Planning and Economic Development, *National Budget Framework Paper FY2010/11-FY2014/15*, May 2010, pp. 280-3

[146] *Ibid*

Figure 3.8.8



Source: MFPED

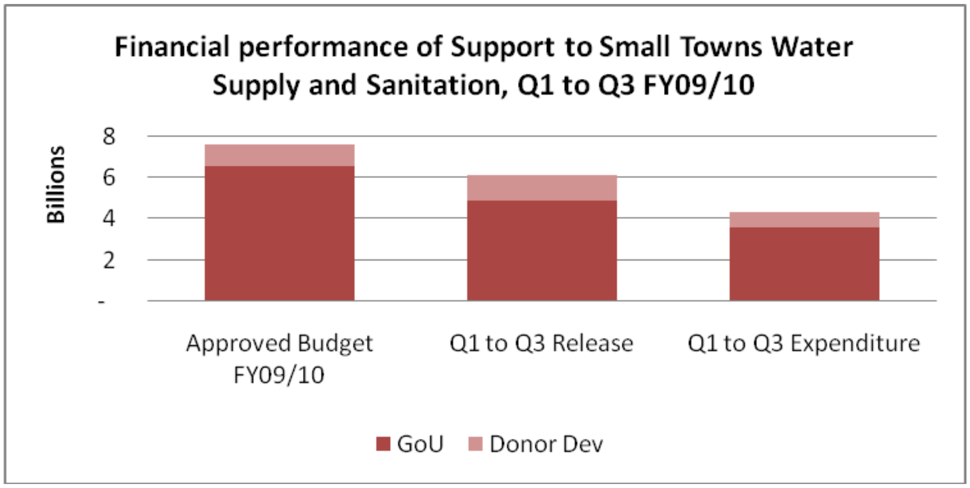
(a) Support to Small Towns Water Supply and Sanitation Project (0164)

This is a countrywide programme financed by GoU, DANIDA and GTZ under the Joint Partnership Fund, which started in 1999 and is due to be complete in 2013. The project aims to construct water supply and sanitation facilities, conduct community sensitisation and build the capacity of water authorities and systems operators. This project incorporates the Output Based Aid component, an off-budget item where the payment of aid is linked to the delivery of basic services such as connections to piped water in poor households. Achievements have to be independently verified before a payment is made. In Q4 restoration of the functionality of Migyera piped water system in Nakasongola and completion of designs was monitored.

Financial performance

By the end of Q3 FY09/10, 81% of the budget was released, of which expenditure was at 71%. Analysis of Q3 GoU FY09/10 expenditure showed that 8% was on low priority items and 56% was on high priority items.

Figure 3.8.9



Source: MFPED and MWE FY09/10

Physical performance

Table 3.8.20 FY09/10 Performance of Support to Small Towns Water Supply and Sanitation (0164)

Planned outputs (quantity and location)	Actual achievements monitored	Realisation of target	Financial performance (UShs GoU and donor)	Time of monitoring	Explanation of variance / comments
(090204) Functionality of piped water systems restored in Kalangala, Migyera (Nakasongola district)	Migyera piped water system	Off target	Annual budget: 0.8bn Q1 to Q3 release: 0.78bn Q1 to Q3 expenditure: 0.69bn Unspent balance: 0.088bn	Q4	DWD made efforts to restore functionality but there was a further breakdown.

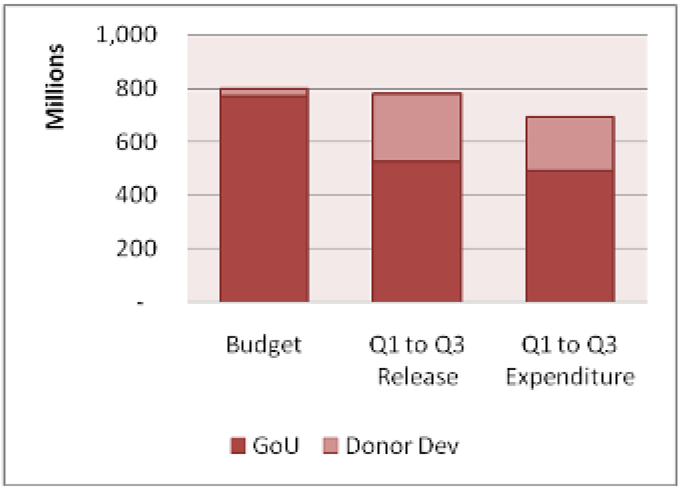
(090272) Completion of 5 designs (Busolwe, Butaleja, Katovu Lukaya and Tiriniyi-Kibuku);	Designs completed as planned	Off target	Annual budget: 4.19bn Q1 to Q3 release:	Q4	Construction not started as DWD was focusing on activities outside of the work plan.
Construction of Butaleja, Kagadi, Kisoko, Nakaseke, Tirinyi and piped water systems	Construction of new systems not started		3.39bn Q1 to Q3 expenditure: 2.53bn		
(Off-budget – Output Based Aid) Completion of 4 water supply schemes in Magale, Masafu, Namutumba, Sipi,	Construction ongoing for Namatumba, Magale, Masafu, Sipi	Off target	Unspent balance: 0.86bn	Q2	Private contractors have lacked the capacity to implement according to Output Based Aid guidelines.
Expansion of 6 water supply systems in Kachumbala, Kalisizo, Luweero, Rukungiri, Wakiso, and Wobulenzi	Expansion ongoing but there are problems in Rukungiri	Off target		Q2	

Source: BMAU Q1 to Q3 Progress Reports and Field Findings

Output 090204 Back-up support for operations and maintenance

A summary of operational efficiency of restoring functionality of piped water systems in Migeera, Nakasongola district is below:

Figure 3.8.10 Financial Performance of Output 090204 Back-up Support for Operations and Maintenance and link to Physical Performance



The budget of UShs 800mil has been allocated to restoring functionality for only two systems. Despite expenditure of UShs 693mil the Migyera piped water system is still not functioning, as there were further mechanical problems which will be resolved by the Water and Sanitation Board using locally generated funds.

Source: MFPED, MWE and Field Findings

Expected output: restored functionality of Migyera piped water system, Nakasongola district

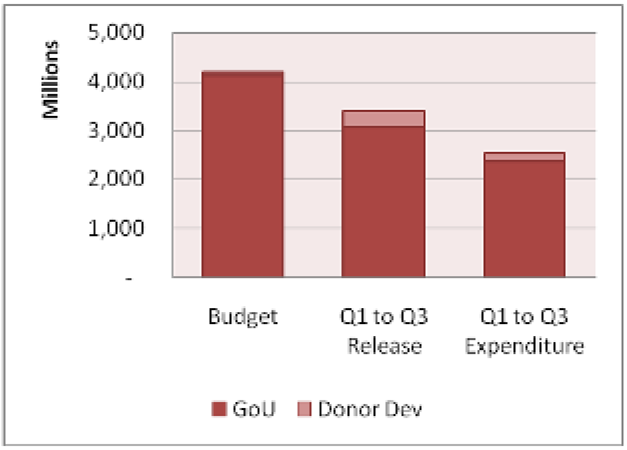
Piped water system is not functioning due to a mechanical fault with the wires

The piped water system was initially constructed in 2005. After a short period of operation the system became non-functional, and in February 2010 the MWE restored functionality which lasted a period of 3 months. However, in May 2010 the new equipment installed developed a wiring problem and is once again non-functional. The Water and Sanitation Board are making efforts to contact the supplier to resolve the problem and will have to use locally raised funds this time.

Output 090272 Government Buildings and Service Delivery Infrastructure

A summary of operational efficiency of completing designs and constructing piped water systems is below.

Figure 3.8.11 Financial Performance of Output 090272 Government Buildings and Service Delivery Infrastructure and Link to Physical Performance



Source: *Source: MFPED, MWE and Field Findings*

The only on-budget outputs are the completion of designs, which has been accounted against expenditure of UShs 2.5bn, suggesting expenditure is not commensurate with the outputs. However, some of the expenditures is due to payment certificates carried over from FY 08/09 for works in Kibaale, Kapchorwa and Kamwenge. No new construction has started as planned, as implementation has been outside of the work plan and is not officially reported to the MFPED.

A summary of the findings under this output is below:

Table 3.8.21 Physical Performance of Components under Output 090272 Government Buildings and Service Delivery Infrastructure

Expected output: construction of new piped water systems
• Butaleja – the design is complete but costs UShs 9bn and no funding source has been identified; • Kigadi – no progress to date; • Kisoko – water supply is being extended from Tororo. NWSC are implementing the works with pipes procured by DWD; • Nakaseke – at evaluation stage; • Tirinyi – the procurement process finished late. Works should start in Q1 FY10/11.
Expected output: completion of new designs
Designs are complete as expected in Lukaya, Katovu, Butaleja, Busolwe and Tiriniyi-Kibuku.

Source: Field Findings

In addition, works have been ongoing on unplanned outputs, due to directives and emergencies requests. This includes works in the following areas:

- Pipes have been sent to Kabale town as part of the same contract with Kisoko at a cost of UShs 0.18billion.Pipes have also been procured for Rukungiri (but not OBA related) and Kisoko water supply at a cost of 1.2bn.
- 10,000 water metres have been supplied at a cost of around 0.5bn.

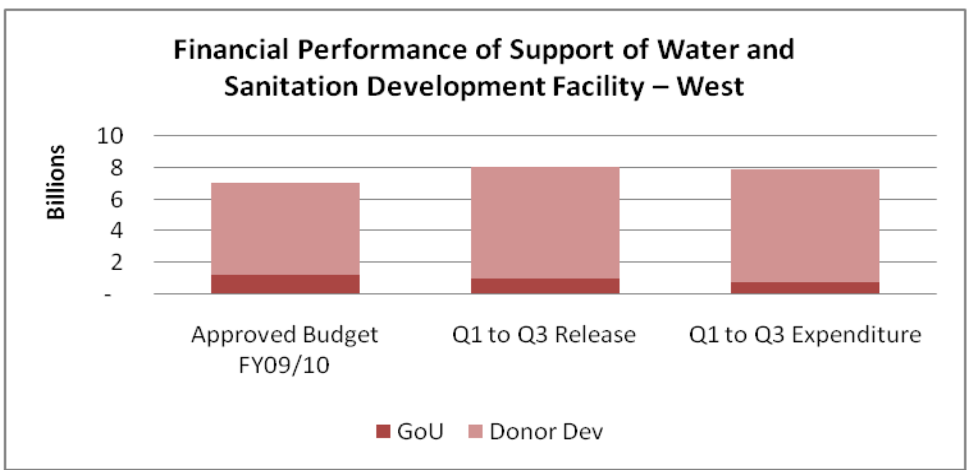
(b) Water and Sanitation Development Facility – South West (0160)

This project aims to improve the water and sanitation facilities in the south western region through supplying clean, manageable and affordable water, and through promoting ECOSAN facilities. The project began in FY95/96 and is due for completion in FY13/14. Overall, the total planned expenditure is 17.5m Euros and the funds secured are 15.75m Euros[147]. The number of planned outputs under this project is considerably greater than other projects under urban water supply and sanitation and includes the construction of 14 piped water systems, design of 22 piped water systems and construction of 77 ECOSAN facilities. Due to the success of this regionalised project approach, Water and Sanitation Development Facility branches have been introduced to northern, eastern and central regions. One of the main reasons for the success of the approach is that communities are expected to fulfil a number of obligations and so the interventions are demand driven. This quarter the completion of piped water systems was monitored in Rwenanura RGC in Ntungamo district; Bugoye RGC and Rugendabala RGC in Kasese district; Rwimi RGC, Kibito Town Council, Nyakigumba RGC and Rubona RGC in Kabarole district.

Financial performance:

By the end of Q3 FY09/10, 114% of the budget was released, of which expenditure was at 98%. Analysis of Q3 GoU FY09/10 expenditure showed that 4% was on low priority items and 63% was on high priority items.

Figure 3.8.12



Source: MFPED and MWE FY09/10

The table below summarises the FY09/10 performance of Water and Sanitation Development Facility – West against planned outputs.

Table 3.8.22 FY09/10 Performance of Water and Sanitation Development Facility – West (0160)

[147] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/12*, pg. 969

Planned outputs (quantity and location)	Actual achievements monitored	Realisation of target	Financial performance (UShs GoU and donor)	Time of monitoring	Explanation of variance / comments
Output 090172 Government buildings and service delivery infrastructure					
(i) Complete 14 schemes: Kibiito, Rwimi, Nyakiigumba, Kasunganyanja, Rubona, Hima, Omungyeni, Rwenanura/ Kakukur, Rugendabara, Kabale/Kicuucu, Ibanda, Bugoye, Kabira and Mutara (ii) Start construction works in 22 town water supply schemes for: Kinuuka, Kasagama, Buyamba, Lwebitakuri, Kikagati, Nyarubungo, Kabula, Kainja, Kyabi, Kahunge, Lwemiyanga, Rwene, Kyempene, Nyeihanga, Nyakashaka, Rwenkobwa, Butare/Mashonga, Mabona,Gasiza, Kashenyi/Nyanama, Kyeirumba and Kinoni	14 are complete but not all are functioning Works ongoing in Bwera, Npondwe in Kasese district; Rubidi in Mbarara district; Rwene in Kabale district; Kanungu in Kanungu district; Kyeirumba and Mabona in Isingiro district	Off target Off target	Annual budget: 5.26bn Q1 to Q3 release: 2.53bn Q1 to Q3 expenditure: 1.84bn Unspent balance: 0.69bn	Q1, Q2 and Q4	Contractor not paid (even though there is an unspent balance) and so works are incomplete.
Output 090205 Improved sanitation services and hygiene					
77 ECOSANS in: Rwene (7), Kyempene (7), Nyeihanga (7), Nyakashaka (7), Rwenkobwa (7), Butare/ Mashonga (7), Mabonna (7), Gaiza (7), Kashenyi/ Nyanama (7), Kyeirumba (7), Kinoni (7)	Q2 – 42 monitored in Kakuto, Kasensero in Rakai district; Kayanga/ Kirumba and Buyamba in Kyotera Town Council. Q4 locations monitored are Rwenanura, Rugendabala,	Off target, as locations are different to those in the plan.	Annual budget: 0.9bn Q1 to Q3 release: 1.32bn Q1 to Q3 expenditure: 2.01bn Unspent balance:	Q2 and Q4	Construction only takes place once communities have fulfilled obligations, which is why there is a variation in the locations.

Planned outputs (quantity and location)	Actual achievements monitored	Realisation of target	Financial performance (UShs GoU and donor)	Time of monitoring	Explanation of variance / comments
	Kibito Town Council and Rubona		-0.69bn		

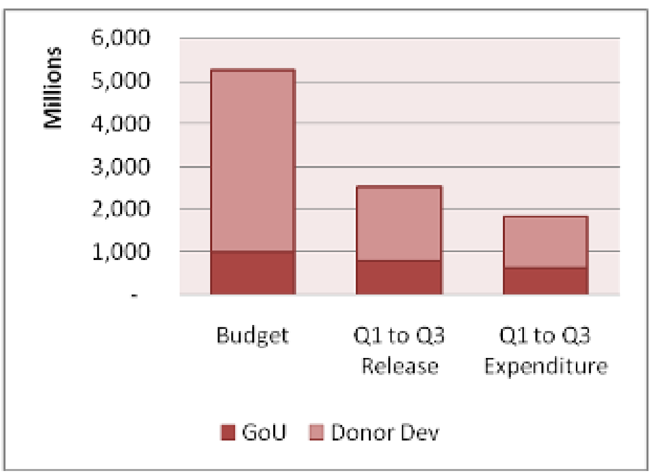
Source: BMAU Q1 to Q3, FY09/10 Progress Reports

Steady flow of water in Rwenanura RGC, Ntungamo district

090272 Government Buildings and Service Delivery Infrastructure

A summary of operational efficiency for the construction of piped water systems is below:

Figure 3.8.13 Financial Performance of 090272 Government Buildings and Service Delivery Infrastructure and link to Physical Performance



Source: MFPED, MWE and Field Findings

Works are delayed for all of the sites monitored, as the contractor has not been paid, even though there is an unspent balance on the account, due to MWE's lengthy process of clearing payments.

The schemes monitored in Q4 have a combined contract sum of UShs 9.4bn. Given the design population, the per capita investment cost is $45, which is well within the $75 target.

As this project has been monitored in Q3 FY08/09, Q1 and Q2 FY09/10 a summary of the findings from previous monitoring visits is presented below:

Table 3.8.23 Summary of field findings for piped water systems monitored in Q3 FY08/09, Q1 and Q2 FY09/10

Expected output	Progress: Q3 FY08/09	Progress: Q1 FY09/10	Progress: Q2 FY09/10	Progress: Q4 FY09/10
Completion of Bikurungu RGC piped water system, Bwambere Sub County, Rukungiri district in Q1 FY07/08	Incomplete and delayed with no works ongoing.	Works are 90% complete and materials procured. Works progressing according to revised plan.	Not monitored	Not monitored
Completion of Kabira piped water system, Bushenyi district in Q1 FY09/10	Not monitored	Works complete and water is flowing.	N/A	N/A
Completion of Kagarama RGC piped water system, Ntungamo district in Q3 FY09/10	Works ongoing according to schedule.	Not monitored.	Not monitored.	Not monitored.
Completion of Mutara/ Kyeibare piped water system, Bushenyi district in Q1 FY09/10	Not monitored	Extension of the Kabira scheme. Works are complete and water is flowing.	N/A	N/A
Completion of Omugyenyi piped water scheme, Ntungamo district in Q1 FY08/09	Works ongoing.	Works complete according to schedule – water is flowing.	N/A	N/A
Completion of Rugaaga piped water scheme, Isingiro district in Q1 FY07/08	Incomplete and delayed with no works ongoing.	Works are 95% complete and are progressing according to the revised plan. Previous defects were rectified.	Not monitored	Not monitored
Completion of Rwenanura RGC piped water system, Ntungamo district in Q4 FY08/09	Works delayed due to late completion of designs, late supply of materials and contentions over the water source.	Works ongoing.	Not monitored.	Works are complete and water is flowing.

Source: BMAU FY08/09, FY09/10 Progress Reports and Q4 Field Findings

The progress of seven piped water systems was monitored in Q4. With the exception of Rwenanura in Ntungamo district, the rest of the towns are served by the same gravity flow scheme, which is why there are similar challenges of irregular flow of water and delayed works. This is due to the contractor not being paid on time and so works are minimal or non-existent. The progress of the piped water systems monitored in Q4 FY09/10 is presented below:

Table 3.8.24: Status of piped water systems monitored under Water and Sanitation Development Facility – West

Expected output: completion of piped water system in Bugoye RGC, Ibanda, Kasese district
Works started in May 2009. **The contract sum is 1,295,160,271.** The basic structures are in place but works are incomplete and there is no contractor on site due to non receipt of payments.
Expected output: completion of Kibito Town Council, Kabarole district
Construction started around July 2008 and should have been complete in March 2009. **The contract sum is UShs 1,333,068,820.** Progress to date includes the construction of 4 public kiosks, 20 private connections and 3 demonstration ECOSANS. The number of connections is relatively small as the connection fees are very high – between UShs 50,000 and 1mil, as prospective customers are expected to pay for pipes for extension if they are outside of the project supply area. Water has not reached the public kiosks and delays are due to the works being sub-contracted and the payments not being cleared. A Water and Sanitation Board is in place with 5 members of which 2 are women. No training has been received, although a study tour was organised for the WSB members and local leaders in Ntungamo.
Expected output: completion of Nyakigumba piped water system, Kabarole district
Works started in May 2009 and the scheme was substantially complete in March 2010. **The contract sum is UShs 1,031,721,070.** Works include the construction of 3 kiosks. The system has not been commissioned and water flow is irregular. So far, beneficiaries are accessing water without paying a tariff as there is no management structure in place.
Expected output: completion of Rubona piped water system, Kabarole district
Works started in May 2009 and construction was completed in January 2010, but has still not been commissioned. **The contract sum is UShs 869,140,026.** The water flow is irregular. 3 public kiosks have been constructed and 65 customers have paid for private connections, but not all have been connected. A water office has been constructed but is not open. ECOSANS are under construction, and training has already been carried out. A Water and Sanitation Board has been formed and trained which consists of 3 women and 5 men.
Expected output: completion of piped water system in Rugendabala RGC, Kitswamba sub-county, Kasese district
Construction began in March 2009 and was due to be complete six months later. **The contract sum is UShs 1,970,437,993 for Rugendabala, Kabale and Rwimi.** The system was substantially complete in February 2010. 2 kiosks and 60 private connections have been finalised. However, water is still not flowing, as the line is being tested. The Water and Sanitation Board, which consists of 3 men and 2 women has not received any communication about when the works are expected to be complete. 3 ECOSANS have also been constructed and are in use.
Expected output: completion of Rwenanura RGC piped water system, Ntungamo district

Works started in December 2009 and the scheme was handed over in May 2010. **The contract sum is UShs 979,948,240.** In total there are 5 public kiosks and 64 private connections. The system is functioning and there is a steady flow of piped water. The system is being operated using solar power, and so during cloudy periods there is no water. The scheme operator has recently requested for a hybrid solar-electricity scheme. The water has been tested by the Umbrella organisation but the results have not been shared with the scheme operators. A Water and Sanitation Board was formed in February 2010, consisting of 3 men and 2 women, but has not received formal training. Seven ECOSANS have also been constructed, and there has been sensitisation in the community.
Expected output: completion of Rwimi RGC piped water system, Rwimi sub-county, Kabarole district
Works started in May 2009 and the scheme was handed over in December 2010. So far 5 public kiosks have been constructed. The system has not been commissioned and the flow of water is irregular. A water and sanitation board has been formed. There have been delays due to non-receipt of payments.

Field Findings

Challenges

- Some of the sites under construction have not been paid for, and so the contractor is not rectifying the defects. This is despite an unspent balance of UShs 690,654,799.
- Lack of funds. 20 towns have met the community obligations, and are ready for construction but this is not possible within the current budget.
- In the case of Kagaasha in Rukungiri district there is a problem of procurement. There was an issue over the legitimacy of contractor’s tax clearance certificate, but it was cleared by the URA. Nevertheless, this was still disputed, and PPDA has become involved. The dispute has now entered the legal process as the Contracts Committee and Evaluation Committee have failed to come to an agreement.

Note: A GoU account was opened in February 2010. At the time of the monitoring visit on 7th June 2010 no GoU funds had reached the account. However, during a subsequent visit carried out by the Accountability Sector on 14th June 2010 it was reported that UShs 290mil was received on the account.

(c) Summary of findings for Projects Monitored in Q3 FY09/10: Support to Gulu Town Water Supply and Sewerage, Water and Sanitation Development Facility – East and Water and Sanitation Development Facility – North

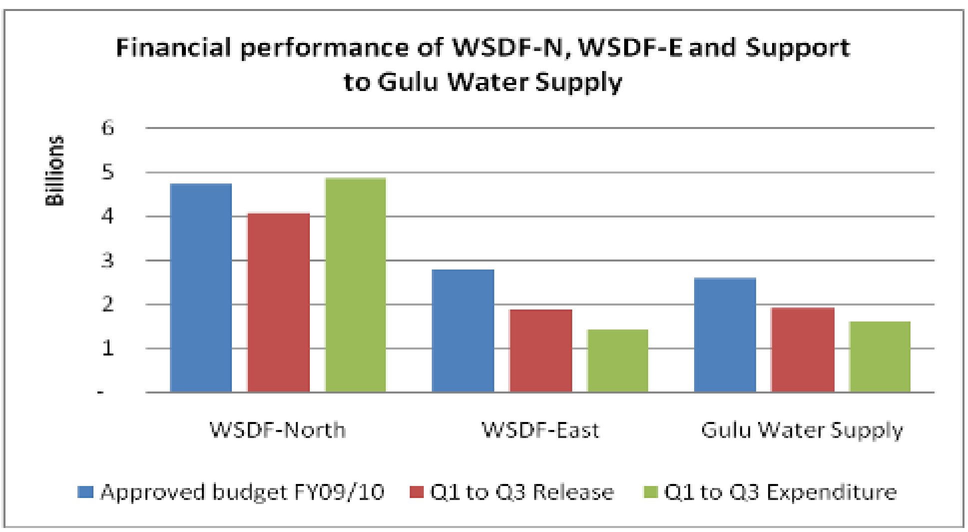
Support to Gulu Water Supply started in 2002 and is being implemented by National Water and Sewerage Corporation (NWSC). The objective is to provide adequate water supply to the residents of Gulu municipality and the surrounding areas, given the high levels of population growth in the last 20 years. The total planned expenditure is UShs 43.85bn and so far, the funds secured are UShs 5.45bn[148].

WSDF – East started in FY09/10 and aims to provide water and sanitation facilities to small towns and rural growth centres in the North East and Eastern regions. The project incorporates planned / incomplete activities from the North Eastern Towns Water and Sanitation Project, which ended in FY08/09. The total planned expenditure is US$ 29.74m and the expenditure to date has been US$ 0.64m[149]. The proposed completion date is FY16/17. WSDF – North was introduced in FY08/09 and aims to provide water and sanitation facilities to the high density settlement areas of northern Uganda, as Internally Displaced Peoples are returning to their villages/homes. The total planned expenditure is UShs 45bn and the expected completion date is FY16/17[150]. One of the key challenges identified for the WSDF projects during monitoring in FY08/09 and FY09/10 was that GoU funds were not reaching the project branches. This has now been resolved, as GoU bank accounts have been established and funds have reached the account, which is an achievement.

Financial performance

The figure below presents the financial performance of these three projects. GoU and donor development financial data have been classified together for ease of presentation, although the breakdown is available in table 3.8.25. Notably, expenditure under WSDF-North is greater than the budget, due to MWE accounting donor expenditure at UShs 3.8bn which is higher than the donor budget at UShs 2.45bn; an anomaly which has not been explained.

Figure 3.8.14



Source: MFPED and MWE FY09/10

[148] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 – 2011/12*, pg.999

[149] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 –2011/12*, pg. 1017

[150] Ministry of Finance Planning and Economic Development *Public Investment Plan FY2009/10 –2011/12*, pg.1013

Physical performance:

Below is a summary of performance for Support to Gulu Water Supply, WSDF-E and WSDF-N:

Table 3.8.25 Summary of physical performance for Gulu Water Supply, WSDF-E and WSDF-N; Monitored in Q3 FY09/10

Planned outputs (quantity and location)	Actual achievements monitored	Realisation of target	Financial performance (UShs GoU and donor)	Time of monitoring	Explanation of variance / comments
Support to Gulu Water Supply and Sewerage (1015)[151]					
Improve the production and reliability of Gulu water supply	Works complete	On target	Annual budget: 2.6bn Q1 to Q3 release: 1.9bn Q1 to Q3 expenditure: 1.6bn Unspent balance: 0.31bn	Q3	
Water and Sanitation Development Facility – East (1075)					
(i) Design of water systems in Abim, Bukedea and Kaabong; (ii) Completion of Amuria Town Water Supply and extension of Kangole to Mouringa water system	(i) Not complete - focus on other areas (ii) Amuria incomplete; pipes delivered for Kangole to Moroto, but works are incomplete	Off target Off target	Annual budget: 2.8bn Q1 to Q3 release: 1.89bn Q1 to Q3 expenditure: 1.42bn Unspent balance: 0.47bn	Q3	Feasibility study planned for Namalu and surveys ongoing for Abim In Q3 works had halted in Amuria as more funds needed to complete works. However works have since been

[151] The financial data for Support to Gulu Water Supply and Sewerage does not include the NWSC contribution as this is not reported to the MFPED

					reported as ongoing.
Water and Sanitation Development Facility – North (1074)					
(i) Construction of 5 piped water supply systems in Anaka, Kamdini, Koboko, Kuru and Wandi (ii) New construction in Adjumani, Amuru, Dokolo and Paidha (iii) Completion of new designs in Adjumani, Amolatar, Amuru, Dokolo, Ibuje, Kalongo, Lefori, Midigo, Ogur, Okollo, Omugo, Opit, Ovujo, Oyam, Padibe, Paidha, Patongo and Zombo	(i) 4 complete: Kamdini, Koboko, Kuru and Wandi (ii) New construction has started in Anaka and Lefori (iii) Designs complete in Amolatar, Adjumani, Ibuje, Lefori, Midigo, Ogur, Okollo, Omugo, Oyam, Paidha, Patongo, Purongo and Singila	Off target Off target Off target	Annual budget: 4.75bn Q1 to Q3 release: 4.097bn Q1 to Q3 expenditure: 4.88bn Unspent balance: -0.78bn	Q1 and Q3	Construction in Anaka ongoing but delayed due to procurement Some locations have been adjusted to ensure there is adequate water production capacity after feasibility studies. In Dokolo the designs will start soon

Source: BMAU Q1 to Q3 Progress Reports

3.8.4. Water for Production

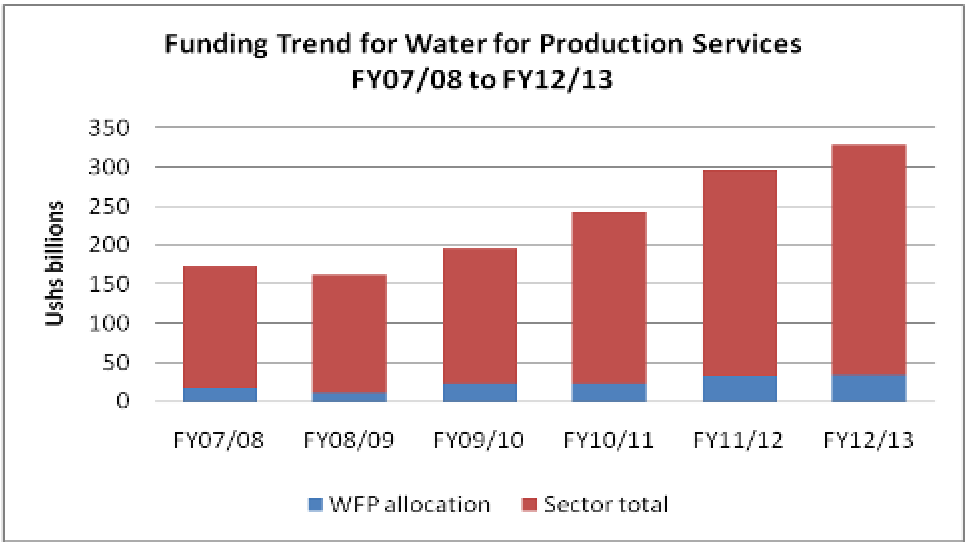
Water for Production is recognised as one of the "complementary sectors" in the National Development Plan as it is a vital input for production processes and enhanced economic activity[152]. This prioritisation is reflected in the increased funding allocation from UShs 11.32bn in FY08/09 to UShs 23.24bn in FY09/10, which is 13% of the sector allocation. The dams and valley tanks monitored throughout FY09/10 is part of the strategy to meet Objective 2 of water for production in the NDP: *Increase supply of water in the cattle corridor from the current 36% to 50% and those outside the cattle corridor from 21% to 30%*[153]. Over the medium term the

[152] National Planning Authority, *National Development Plan 2010/11 – 2014/15,* May 2010 pg. 129

[153] *Ibid, pg. 131*

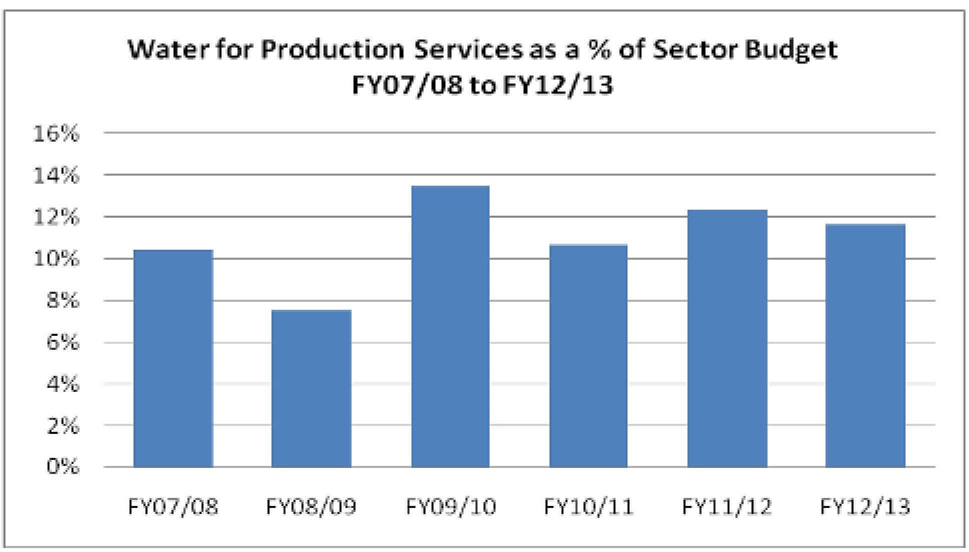
allocation to water for production is projected to increase, although it will receive a declining share of the sector budget in FY10/11. This is presented graphically below:

Figure 3.8.15



Source: MFPED

Figure 3.8.16

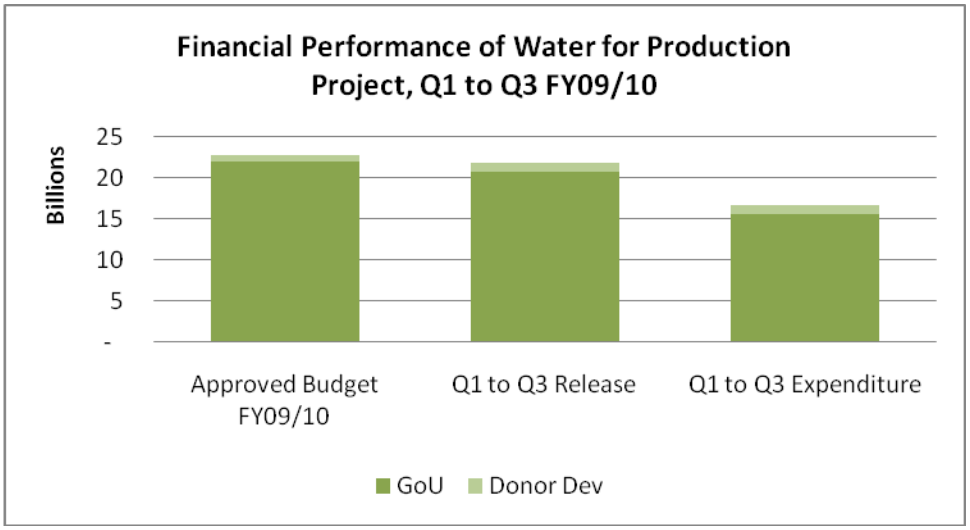


Source: MFPED

Financial Performance:

By the end of Q3 FY09/10, 96% of the budget was released, of which expenditure was at 77%. Analysis of Q1 to Q3 GoU FY09/10 expenditure showed that 4% was on low priority items and 82% was on high priority items.

Figure 3.8.17

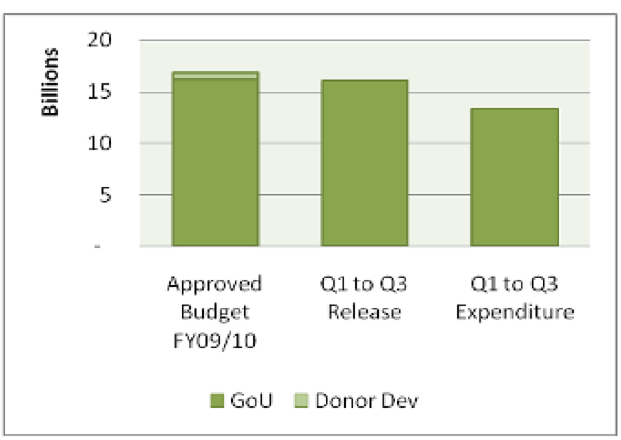


Source: MFPED and MWE FY09/10

Output 090372 Government Buildings Service Delivery Infrastructure

Summary of operational efficiency for the construction of water for production facilities:

Figure 3.8.18 Financial Performance of Output 090372 Government Buildings Service Delivery Infrastructure and link to Physical Performance



80% of the budget has been spent and the majority of the facilities are still incomplete, including those that were rolled over from FY08/09. In addition, construction has commenced for several new sites, particularly in the Karamoja region, for which advance payments have been made. Hence, even though the expenditure has not resulted in the completion of planned outputs stated in the work plan, works are ongoing.

Source: MFPED, MWE and Field Findings

Physical Performance:

As most of the facilities monitored were follow up visits, the progress over time is presented below. In summary, of the ten sites that should have been complete in FY08/09, only four sites are complete and the remaining six sites are still facing further delays. In Q4 the sites monitored included Kawomeeri dam in Abim district, Kagamba valley tank, Kagango dam and Obwengyero valley tank in Isingiro district, Olamia valley tank and Olelpec valley tank in Apac district, Akwera dam in Otuke district, and Arechet dam and Kobeibei dam in Moroto district.

Table 3.8.26 Summary of Findings for Water for Production Facilities Monitored from Q1 FY08/09 to Q4 FY09/10

Expected output	Progress: Q1 FY08/09	Progress: Q3 FY08/09	Progress: Q4 FY08/09	Progress: Q2 FY09/10	Progress: Q4 FY09/10
Akwera dam, Otuke district Start date: Q3 FY09/10 End date: Q3 FY10/11 Contract sum: 6,999,404,500					37% complete and works ongoing according to schedule. Land compensation and heavy rains have affected progress.
Arechet dam, Moroto district Start date: Q4 FY09/10 End date: Q4 FY10/11 Contract sum: 6,681,682,150					23% complete and works ongoing according to schedule. Heavy security presence on site. Works affected by heavy rains.
Bwanalaki dam, Sembabule district Start date: Q2 FY07/08 End date: Q4 FY07/08 Contract sum: 798,000,000	Construction ongoing.	Construction ongoing and delayed due to poorly performing contractor.			
Kagamba valley tank, Isingiro district Start date: Q1		Works ongoing but delayed due to land			1 year delayed. Design changes required and land compensation is

Expected output	Progress: Q1 FY08/09	Progress: Q3 FY08/09	Progress: Q4 FY08/09	Progress: Q2 FY09/10	Progress: Q4 FY09/10
FY08/09 End date: Q1 FY09/10 Contract sum for Kagamba and Obwengyero valley tanks: 4,234,908,480		acquisition – 55% complete.			still an issue.
Kagango dam, Isingiro district Start date: Q1 FY08/09 End date: Q1 FY09/10 Contract sum: 949,700,257		Minimal works ongoing.		Works delayed – 85% complete.	1 year delayed. Contract extension awarded to 30th June. 90% complete. Delays due to: abnormal rains, design changes because of illegal connection, and waiting for dry season to do remedial changes.
Kakinga dam, Sembabule district End date: Q4 FY07/08 Contract sum: 1,224,425,500	Complete.				
Kawomeeri dam, Abim district Start date: Q1 FY08/09 End date: Q2 FY09/10 Contract sum: 3,531,705,100		Works ongoing.	Works 25% complete and delayed due to lack of payments to the contractor.	Estimated 90% complete. Delays due to late payments, heavy rains and change to the designs.	0.5 years delayed. 90% complete. Contractor abandoned site and contract has been terminated. MWE is in the process of engaging another contractor.
Leye dam, Apac district Start date : Q1 fy 08/09 End date: Q1 FY 09/10			Site finished ahead of schedule. Water User Committee trained in the beginning but is not		

Expected output	Progress: Q1 FY08/09	Progress: Q3 FY08/09	Progress: Q4 FY08/09	Progress: Q2 FY09/10	Progress: Q4 FY09/10
Contract sum: 3,364,859,300			fully operational. O&M is an issue.		
Mayikalo dam, Sembabule district Start date: Q1 FY08/09 End date: Q1 FY09/10 Contract sum: 1,162,466,180		Works progressing according to schedule.			
Nshenyi valley tank, Ntungamo district Phase II works End date: Q3 FY08/09 Contract sum: 547,459,604		Works delayed – no contractor on site due to lack of payments.			
Obwengyero valley tank, Isingiro district Start date: Q1 FY08/09 End date: Q1 FY09/10 Contract sum for Kagamba and Obwengyero valley tanks: 4,234,908,480		Works ongoing but delayed due to land acquisition.			1 year delayed. No cost contract extension awarded. Delays due to land acquisition and design changes.
Olamia valley tank, Apac district Start date: Q1 FY08/09 End date: Q1 FY09/10 Contract sum for Olamia and Olelpec: 2,759,598,000			Delayed – 70% complete. Ongoing land issues.	Delayed – 85% complete and no works ongoing.	1 year delayed. Site has a number of snags including potential silting due to porous rocks and bad soil texture. *"Site has potential to be a white elephant*[154]*."* The geo-textile

[154] Quote from Apac Local Government Official

Expected output	Progress: Q1 FY08/09	Progress: Q3 FY08/09	Progress: Q4 FY08/09	Progress: Q2 FY09/10	Progress: Q4 FY09/10
					membrane to arrest porosity of the soils is under procurement. Indicates lack of planning and design.
Olelpec valley tank, Apac district Start date: Q1 FY08/09 End date: Q1 FY09/10 Contract sum for Olamia and Olelpec: 2,759,598,000			Delayed – 70% complete. Ongoing land issues.	Delayed – 85% complete and no works ongoing.	Commissioned and handed over in May 2010. Water Committee not functioning – cattle troughs dry as no water available from the valve. Beneficiaries observed to be accessing water directly from the valley tank instead of the water points –a public health concern.
Kobeibei dam, Moroto district Start date: Q4 FY09/10 End date: Q4 FY10/11 Contract sum: 6,016,098,105					23% complete. Likely to be a cost variation due to redesigns and road construction costs which were not in the initial contract.
Rubaare valley tank, Ntungamo district End date: Q1 FY08/09 Contract sum: 828,608,000		50% complete and delayed due to lack of payments to the contractor, rains and equipment breakdown.		No works ongoing-contractor awaiting additional works to be approved by DWD.	

Source: BMAU FY08/09 and FY09/10 Progress Reports and Q4 Field Findings

Kawomeeri dam still incomplete, Abim district

Works ongoing on Akwera dam, Otuke district

Challenges:

There main causes for delays in completion are listed below in order of frequency:

- **Design changes.** Once a contract has been awarded there are changes to the design, either to increase the scope of works, such as road construction to access the site, or if the terrain is different to what was first anticipated and requires other materials. This indicates that insufficient priority is given to the design and feasibility stage, as these changes could have been incorporated in initial designs, limiting the need for cost variations.
- **Late payments to the contractor.** Even though IFMS records indicate that there is an unspent balance, there are cases where the contractor has abandoned site or reduced the scope of works due to non-payment.
- **Land acquisition.** Compensation for land, which is the responsibility of the local government, is often delayed.
- **Heavy rains.**
- **Incompetent contractors.** This is most usually because the contractor is engaged in a number of different works, and can therefore not keep to the contract schedule.

Box 3.8.2 Cost drivers of water for production facilities

Cost variations in the construction of new facilities have been of concern to decision makers and implementers. The investment cost of facilities constructed in FY08/09 to FY09/10 can vary from UShs 828mil for Rubaare valley tank in Ntungamo district to UShs 7bn for Akwera dam in Otuke district. The main cost drivers are the following:

- The level of storage capacity;
- Type of technology. The unit cost of constructing a valley tank is higher than an earth dam[155];

[155] Ministry of Water and Environment, *Water and Environment Sector Progress Report, October 2009,* pg. 91

- Location. Proximity to where materials can be accessed and security provisions necessary in the Karamoja region;
- Access to the facility. In some instances contract prices include construction of access roads;
- Additional features such as sanitation facilities and reservoir tanks for domestic use;
- Cost variations once the contract has been awarded due to design changes.

Recently there has also been debate over the contribution procurement methods have as a cost driver. As part of reforms in public financial management, the Public Procurement and Disposal of Public Assets Act (PPDA) was introduced in 2003, and has been much hailed for the progressive nature of the policies and values adopted. One of the objectives is to "ensure the application of fair, competitive, transparent, non discriminatory and value for money public procurement and disposal standards and practices[156]."

However, implementers of water for production facilities have argued that government led implementation through the force account provision would reduce costs. For example, Katakwi district received supplementary expenditure of UShs 185mil to construct eight valley tanks with a storage capacity of 7,000m³ each, under the force account provision. This yields a unit cost of Ushs 3,300 per m³. In comparison, valley tanks constructed by the MWE have an average unit cost of UShs 40,000 per m³ using the competitive bidding process. In addition, the MWE recently procured equipment for construction of valley tanks in Kiruhura district which can be leased to farmers to do their own construction on-farm. Under this arrangement DWD estimate an average unit cost of UShs 1,000 per m³ for the excavation of more basic valley tanks than those completed in Katakwi district, although this will increase over time as equipment ages.

Hence, the MWE are implying that government led implementation of valley tanks has efficiency gains compared to when the competitive bidding system promoted by PPDA is utilised. Given the public financial management reforms which led to the introduction of PPDA, as well as the interest in the force account provision, it is recommended that an independent study is carried out to provide evidence and policy advice on this issue.

Source: Field Findings

Valley tank constructed in Katakwi at a unit cost of UShs 3,300 per m³

Olamia valley tank in Apac constructed at a unit cost of UShs 34,000 per m³. Site is one year delayed and still incomplete; a beneficiary is accessing water directly – a public health risk

[156] http://www.ppda.go.ug/ viewed on 12th July 2010

3.8.5 Meteorological Support to Plan for Modernisation of Agriculture

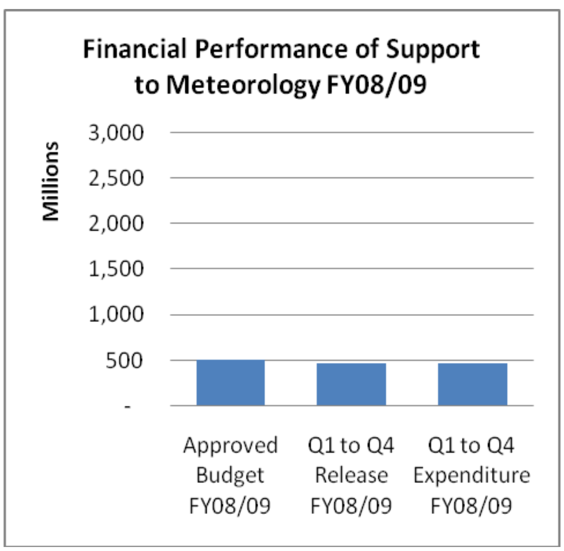
Weather, Climate and Climate Change Vote Function

This project aims to develop the capacity of the national meteorological services by improving the observing station networks and development of human resources. The project started in July 2001. Planned outputs include procurement and installation of meteorological instruments, training of staff required for manning the stations and upgrading meteorological stations in Mbarara and Gulu. This project received a funding increase from UShs 500mil in FY08/09 to UShs 2.5bn in FY09/10. Recently, Cabinet approved the formation of a Meteorology Agency which will provide much more autonomy for meteorological activities, although this still needs to be approved by Parliament. Hence, the additional funds were intended for the formation of the Agency and purchasing equipment

Financial performance:

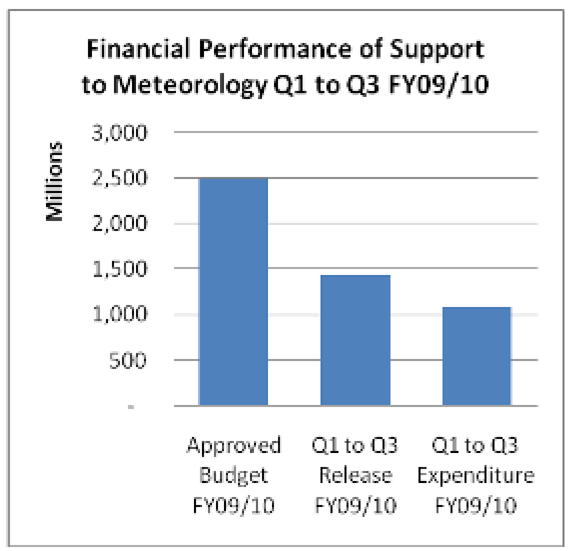
The differences in the funding levels in FY08/09 and FY09/10 are illustrated below. Even though only 57% of the FY09/10 budget has been released, absorption has been low at 75%.

Figure 3.8.19



Source: MFPED

Figure 3.8.20



Source: MFPED

Physical performance:

Three weather stations were monitored in Entebbe Control Tower, Jinja and Kasese. The finding is that the weather stations are still lacking vital equipment, as the meteorology department has not been able to utilise the additional funds to procure equipment. It is highly unlikely that the funds will be spent before the end of FY09/10. However, despite Q1 to Q3 expenditure in

FY09/10 being UShs 1.08bn which is greater than FY08/09 expenditure at UShs 460mil, the additional outputs planned for FY09/10 have not been achieved: equipment has not been purchased and the Meteorology Agency has not been formed. However, the department has realized some achievements such as the preparation of Meteorological Policy, Strategic Plan, Business Plan and Meteorological Bill which is before Parliament awaiting Second Reading. In addition, the department has been monitoring El Nino evolution which was not part of the original work plan.

Table 3.8.27 Summary Findings of Weather Stations Monitored

Expected output: successful operation of Entebbe Control Tower
The weather station is lacking vital weather equipment as some of the existing equipment is non-functioning. This includes: upper air weather station lacks hydrogen gas, the weather radar has aproblem with display unit, the calibration chamber needs repair/replacement, lack of forecasting tools such as weather charts, and lack of computers.
Expected output: successful operation of Jinja weather station
The weather station is in operation, although some of the equipment is very old or broken. This includes a tipping bucket rain gauge which is broken but could be repaired, and equipment donated by Japanese International Cooperation Agency which is not functioning including a rain gauge, a sunshine sensor and an evaporation pan.
Expected Output: successful operation of Kasese weather station
The equipment for monitoring the weather station is limited, and certain items are broken, including the wet bulb thermometer, rain gauge and sunshine recorder as the cards are unavailable. In addition an automatic weather operator was installed in 2007, but staff members did not receive training on how to use the equipment.

Source: Field Findings

Challenges:

In addition to the missing pieces of equipment in the weather stations, a message switching system to obtain data from the field and a hydro generator to monitor disturbances is also required. The lack of progress has been due to a number of challenges:

- **Procurement.** The process was initiated in time but the bid was rejected by PPDA as the specifications did not follow international standards. It has since been agreed that the US Trade and Development Agency will fund the ‘Feasibility Study for Modernization of Uganda Meteorological Services’ The study will recommend the minimum category of personnel and equipment/ facilities needed to run modern Meteorologicl services.

- **Position of meteorology department within the current structure.** Staff members expressed concern that meteorological issues had been marginalised. This could be resolved through the creation of the Meteorological Agency, which is still awaiting approval by Parliament.
- **Lack of capacity.** The department is under-staffed as senior staff members have recently retired.

Automated weather station in Kasese

Use of manual rain gauge in Jinja – collecting drops of rain in a bottle – as the automated one is broken

3.8.6. Key Policy Issues

(x) Given that decentralised rural water supply and sanitation services have been allocated a declining share of the sector budget in FY10/11, the allocation should be revised upwards in FY11/12, in order for the sector to realistically meet the target of increasing access to improved water points.

(xi) The MWE should ensure that managers are availed with financial information to enhance smooth implementation of works and reduce levels of misinformation on financial releases.

(xii) The internal payments procedure should be reviewed by the MWE to increase efficiency, ensure contractors are paid for completed work on time, and avoid accumulation of interest payments.

(xiii) In nearly all cases, designs for new works were not shared with local government officials, reducing their ability to monitor and supervise the works. As interventions are eventually handed over to local governments, this information should be availed from the start to enhance sustainability and ownership.

(xiv) A separate account for the District Water and Sanitation Conditional Grant should be established where District Water Officers are the vote controllers, to reduce diversionary risks from water and sanitation activities.

(xv) The MWE's leadership support for promoting environmental sanitation is recognised. In order to kick-start operation of the sanitation conditional grant, the MWE should allocate funds (possibly transfer funds from centralised sanitation services for sanitation campaigns), which should be complimented by the MES and MOH, as well as the MFPED.

(xvi) Where there have been deviations from approved work plans due to "emergency requests" this should be stated clearly in the work plan, in order to accurately account for expenditure.

(xvii) There should be an independent study to inform the policy direction for water for production. This should focus on unit costs for water for production facilities, with particular emphasis on procurement methods as a cost driver.

(xviii) Given the ambitious work plan for FY10/11 for water for production, efforts should first be made to complete existing facilities that have been delayed, before embarking on new constructions.

(xix) In order for the Meteorology Agency to be successfully established capacity constraints need to be addressed urgently, to ensure there is adequate leadership, managerial and technical support to see through the initiative.

3.8.7. Conclusions

Snapshot of performance for FY09/10

Certain areas should be noted for good performance. Under rural water supply and sanitation vote function this includes the implementation of rainwater harvesting (for which up-scaling has been recommended) and social marketing campaigns. Under urban water supply and sanitation vote function, good examples include the Water and Sanitation Development Facility western and northern branches, which are delivering clear outputs that can be directly traced to budgetary expenditure; as well as the recent completion of works on time for Gulu Town Water Supply. Water for production has initiated new constructions as stated in the work plan, but there are delays to incomplete facilities from FY08/09 that should be prioritised. In addition, high unit costs for the construction of valley tanks are of concern. However, for all the vote functions monitored, most of the planned targets set in the work plan were not met. This was mainly due to setting unrealistic work plans given the resources available, delaying payments to contractors when works are complete, and responding to "emergency requests" which lead to implementation outside of the work plan.

(i) Financial

Proportion of sector allocation to decentralised rural water services to decline: Over the medium term the water and environment on-budget sector allocation is set to increase. However, this will not result in a proportionate increase in sector funding allocations to rural water supply and urban water supply vote functions. In particular, the allocation to decentralised rural water services (through the District Water and Sanitation Conditional Grant) will remain unchanged at

UShs 55.38bn in FY10/11. This is likely to compromise the attainment of increasing access to improved water points, which is one of the sector's key performance indicators.

Misinformation of financial releases: Where there was evidence of slow progress of works, the most frequent explanation from DWD officials was that *"The Ministry of Finance has not released funds on time."* However, financial data availed in the IFMS showed this to be incorrect as the same projects had funds released on time and unspent balances. This indicates that there are high levels of misinformation within the MWE on project specific financial releases, which can compromise managers' ability to deliver results.

Inconsistency between financial data presented by the sector and the IFMS

The sector continues to present financial data which is different to the records kept in MPFED on the IFMS, even though the MWE also utilises the IFMS. For example, in the Water and Environment Sector Performance Report (October 2009) the GoU financial data for FY08/09 for *Support to Rural Supply Project*, showed a release of UShs 2.8bn compared with UShs 3.5bn on the IFMS – a difference of nearly UShs 0.7bn! Similarly, expenditure for FY08/09 for *Gulu Town Water Supply* was reported as UShs 2.9bn compared with UShs 2.4bn in the IFMS.

(ii) *Rural water supply and sanitation vote function*

Under *School and Community IDPs Project* construction of piped water systems had stalled due to contractors not being paid, even though there was an unspent balance on the account at the end of Q3. Furthermore, the combined contractual sums for the new piped water systems in the north are UShs 4.27bn compared with an approved budget of UShs 1.02bn. This suggests unrealistic budgeting, which could result in arrears accumulation. Under *Support to Rural Water Supply Project* construction of Tororo-Manafwa gravity flow scheme has commenced. Whilst social marketing campaigns had positive results, implementation of only four campaigns was reported against a budget of UShs 390million, which yields a unit cost of UShs 97.5million per campaign. However, sector officials indicate a campaign costs approximately UShs 12million, implying UShs 351million was over-budgeted.

Under the *District Water and Sanitation Conditional Grant* a general trend in implementation has been observed: in Q1 districts complete rolled over activities from the previous financial year; in Q2 procurement processes are ongoing; in Q3 only some districts start construction works; and in Q4 works are rushed in an effort to complete before the end of the financial year. This process results in the under-utilisation of funds for Q1 and Q2 and creates a risk of diversion to other district priorities, particularly as the district water officer is not the vote controller. In addition, in Arua, Iganga and Koboko districts, water points that the district claimed expenditure against were actually constructed by NGOs, development partners and individuals.

(iii)Sanitation

Despite the long-term and cost-effective benefits of promoting environmental sanitation and hygiene, it remains under-prioritised and implementation is fragmented. Even where there is top level support, such as strong leadership within the MWE to promote sanitation, and increased allocation to school sanitation under the School Facilitation Grant, in practice funds are diverted to other priorities. To address this, the MFPED established a conditional grant for sanitation but no funds were allocated for implementation in FY10/11. In addition, the MWE, the MoES and the MOH have requested assistance from the MoPS to agree on which line ministry should be responsible for the grant, which needs to be resolved as soon as possible.

(iv) Urban water supply and sanitation vote function

Whilst implementation is underway, progress is off-track for all projects with the exception of *Support to Gulu Water Supply*. Challenges in urban water projects include delayed payments to contractors (leading to accrual of interest), design changes, unrealistic work plans, and implementation outside of the work plan due to responses to "emergency requests." This is of particular concern for *Small Towns Water Supply Project*, where planned on-budget construction as stated in the work plan did not commence in FY09/10, due to deviations from the work plan. An achievement noted for WSDF branches is that regionalised project accounts have been established for the receipt of GoU funds, and Q4 GoU funds had reached the project accounts. This means that contractors can be paid directly from the WSDF branch, which should reduce transaction costs and lead to efficiency gains.

(v) Water for Production vote function

Construction of new facilities in northern Uganda and Karamoja has started as planned. However, sites such as Kawomeeri dam in Abim district, Olamia valley tank in Apac district, Kagamba and Obwengyero valley tanks in Isingiro district, and Kagango dam in Isingiro district are still facing delays of one year. Delays are due to design changes, late payments to contractors (when funds are available), land acquisition, heavy rains and incompetency of contractors. In addition, high unit costs for the construction of valley tanks are of concern, where the MWE has a unit cost of UShs 40,000 per m^3 compared to a unit cost of UShs 3,300 per m^3 for the construction of valley tanks by Katakwi district using the force account provision. This has contributed to the debate that procurement methods have a cost driver, and should be supported by an independent study.

(vi) Meteorological Support to Plan for Modernisation of Agriculture

Additional funds were allocated to this project in FY09/10 for the purchase of much needed equipment and to aid the formation of a Meteorology Agency which had been approved by Cabinet. Despite the increase in expenditure there was no direct link to outputs as additional equipment has not been purchased due to a failure to meet procurement regulations and steps have not been taken to form the agency, since approval from Parliament was still needed.

3.8.8. Recommendations

(vii) Financial

The MWE should be encouraged to develop more realistic budgets given the resources available. Outputs were included in the work plan (which is signed by the Accounting Officer and approved by Parliament) for which there were insufficient funds, and can result in arrears accumulation.

In some cases works have been delayed, as contractors have not been paid even though there was an unspent balance on the account. In other cases, lack of payments resulted in accumulation of interest payments. These delays are allegedly due to the MWE's internal payments procedure which involves 22 steps, and should be reviewed.

The water and environment sector should be encouraged to allocate a greater proportion of resources to decentralised rural water supply and sanitation services. This would enhance the likelihood of the sector attaining the target of increasing access to improved water points.

Given the continued discrepancies between GoU financial data reported by the sector compared to the IFMS there should be an investigation as to why this is a recurrent practice.

(viii) Rural water supply and sanitation vote function

Accurate unit costs should be provided by the MWE with clear explanations for deviations. For example, emergency boreholes had a unit cost of UShs 18mil compared with UShs 15million in the BFP; and UShs 97.5million was budgeted for one social marketing campaign even though sector officials estimate UShs 12million. This would enhance analysis of sector spending, particularly where efficiency gains can be made.

Given the positive results so far, rainwater harvesting should be scaled-up in FY10/11.

A separate account should be established for receipt of funds under the District Water and Sanitation Conditional Grant, where the district water officer is the vote controller, to reduce diversionary risks to other priorities under 'works.'

Audits are recommended in Arua, Iganga and Koboko districts, after water points constructed by NGOs and development partners, were accounted against GoU expenditure.

(ix) Sanitation

Line ministries should allocate funding to initiate the Conditional Grant, which would enhance the case for the MFPED to allocate additional resources. The funds for the Sanitation Conditional Grant should be ring-fenced to prevent diversions. Furthermore, the MWE, MoES and MOH under the guidance of MoPS need to come to a conclusion as soon as possible on which ministry will be responsible for the grant. This should be done before October 2010, in time for the FY11/12 budget process.

(x) Urban water supply and sanitation vote function

There should be further efforts to improve the planning and design processes through enhanced investment in feasibility studies, to avoid design changes and cost variations once implementation has started.

Where there are deviations to the work plan due to "emergency requests," expenditure against these additional outputs should be accounted for in the quarterly progress reports (Performance Form A's). This would enhance the accuracy of reporting and accounting of funds.

(xi) Water for Production vote function

Water for production should concentrate efforts on completing ongoing facilities before embarking on new constructions.

There needs to be greater coordination with MAAIF and local governments to ensure the correct use of facilities once they have been complete. For example, Leye dam and Olelpec valley tank in Apac district were completed in FY09/10 and are not being effectively utilised. In particular there should be greater efforts to train Water User Committees.

There should be an independent value for money study on unit costs for construction of water for production facilities, with particular emphasis on procurement methods as a cost driver. This is in light of public financial management reforms that have led to the establishment of PPDA and the use of the force account provision, where the MWE claims the latter results in lower unit costs.

(xii) Meteorological Support to Plan for the Modernisation of Agriculture

In order for the successful progression to a Meteorology Agency, internal capacity and leadership constraints need to be addressed. Given the increased expenditure has not resulted in additional outputs; an audit of FY09/10 expenditure is recommended.

3.9 Micro Finance

3.9.1 Introduction

In order to operationalise the rural financial service strategy; the government is closely working with Micro finance support centre ltd (MSC) in the drive of extending financial services to rural Uganda through micro finance institutions.

MSC is a company owned by the government of Uganda and was incorporated in 2001 as a company limited by guarantee. It has been managing the credit component of the North West Smallholder Agricultural Development Project (NSADP), and the government fund for support to savings and credit cooperative societies (SACCOs). Arising out of past Government experiences and lessons learnt, government found it appropriate to divest itself from direct intervention by creating MSC with a sole purpose of making it a lynch pin in the delivery of wholesale credit to the SACCOs country wide. It’s a lead agency for delivery of wholesale funds to the SACCOs in the country.

In order to address the issue of easy accessibility and increased response rate, MSC has reorganized its operations by creating Zonal /regional offices in a bid to decentralize its activities. Appraisal and disbursement of loans have been devolved to regional offices. Regional offices disburse loans up to UShs50, 000,000/= from a credit loan float of up to UShs500, 000,000/=. Formerly, loans that are more than UShs50, 000, 000/= were referred to head office but now the zonal offices can disburse to a tune of UShs 100,000,000.=

The MFPED supports the MSC by giving them funds to loan out to various microfinance institutions and SACCOs in Uganda. It is also mandated to monitor the performance of the activities of the MSC. In view of the above, the Budget Monitoring and Accountability unit (BMAU) monitored activities of five regional /zonal offices in Iganga; Kabarole; Masaka;Mbale: and Soroti

Objectives

The objectives of MSC include but not limited to the following;

- To enhance capacity of the MSC to deliver rural financial development services.
- To maximize outreach and deliver demand driven credit.
- To expand and deepen financial outreach through increased collaboration and synergy between key players in rural development.
- To enhance productivity and performance of rural enterprises

The budget monitoring and analysis unit (BMAU) therefore monitored the achievements and successes; and also verified the extent of implementation of the MSC objectives in respect to provision of wholesale credit to the SACCOs; development of appropriate financial products; provision of SME finance and extent of use of the funds channeled by GOU for loan disbursement.

Scope and Methodology

The period under review was the 4th quarter FY2009/2010 and the following

methodology was used:

- Visited the MSC head offices and held discussions with the officials. The 3rd quarter report was obtained that formed a basis of the monitorable outputs. Verified the quarterly progress report and the portfolio reports.
- Visited MSC zonal offices of Mbale, Iganga, Soroti, Masaka, Kabarole and Hoima and held discussions with the staff of the regional offices
- Physical visits to the SACCO premises; interviewed key personnel and took photographs.

1) Activities of Microfinance Support Centre Limited

Currently MSC has regional/ zonal offices which are located in Arua, Gulu, Hoima, Iganga, Kabale, Kabarole, Kampala, Masaka, Mbale, Mbarara, Moroto and Soroti. Each Regional office serves a cluster of districts.

MSC offers a number of products administered through the zonal offices to the clients that include:

- **Agricultural Development Fund**; This targets institutions/enterprises supporting and or are engaged in primary agricultural production, agro processing and marketing. The loan period ranges between 2-4 years with a grace period of 6-12 months and an interest rate of 9% per annum charged on reducing balance. The repayment frequency depends on the activity funded.
- **Business development Fund**; This fund enables SACCOs to enhance their growth, performance and participation in providing financial services for example by extending it to weak SACCOs to cover 50% of their audit expenses, upgrading their management information systems to the level they are able to interface with that of MSC. They also give out the Start –up loans to enable SACCOs increase their on-lending capital base. The SACCOs that benefit pay back only the principal loan amount. The loan period is two years with a grace period of 6 months; minimum loan size is 5 million whereas the maximum is 10million.
- **Micro-Enterprise fund;** this enables Microfinance institutions finance a wide range of commercially viable activities of their customers. This has a loan period of two years with a grace period of six months and at an interest rate of 13% per annum on declining balance. Repayment frequency depends on the activity funded.
- **Small and Medium Enterprise (SME) Development Fund**. This fund includes loans and leasing options for SMEs with an annual return of 100 million. It has a maximum loan period of four years with a 6-12months grace period. If the SME is in trade, there is an interest rate of 17% per annum on declining balance and if it is in agriculture, the interest is 9% per annum.
- **Guarantee fund**. This enables MSC client's access bigger loans of about one billion from identified banks for investment. Loan terms are determined and agreed upon by both MSC and commercial banks.

MSC has introduced new products that were to kick off during the FY 2010/11. The products include:

- Agricultural Development loan to be increased to minimum loan amount of UShs 20 million and targets mainly the unions, SACCOs and produce and marketing cooperatives.
- Environmental loan which is supposed to support people to protect the environment such as tree planting, soil management. The minimum loan amount is 20million.
- Special interest loan; that has replaced the business development fund. It targets SACCOs, producer cooperative enterprises plus weak SACCOs and offers a minimum loan amount of 10 million and maximum amount of 50 million.
- Commercial loan; this was formerly the micro enterprise fund and targets SACCOs, MFIs and is offered at an interest rate of 13% with a maximum loan period of 2years.
- MSC also offers non- financial services like capacity building services. These services are offered to SACCOs and MFIs.

For any institution to access MSC loan products, it is required to fulfill the following:

- Must be registered
- Minimum of one year experience in running the activity for which the organization is registered
- Operates in a specific area with clearly defined target communities
- Clear ownership, governance structure and management capacity
- Adequate staffing with knowledge and skills in microfinance and or basic accounting knowledge.
- Physically identifiable and accessible offices

3.9.2 FINDINGS

A) IGANGA ZONAL OFFICE

Iganga zonal office covers seven districts of; Kamuli, Iganga, Jinja, Bugiri, Kaliro, Namutumba and Mayuge.

The office has five staff members who include; Senior financial services officer, Financial services officer, Accountant, Administrative assistant and Logistics assistant.

At the time of the monitoring exercise, Iganga zonal office had disbursed a total of UShs 1.3 billion to 61 SACCOs from different districts since the program started. The numbers of clients per district were: Iganga 17; Kamuli 10; Jinja 15; Bugiri 7; Kaliro 2; Namutumba 1; and Mayuge 9.

The funds disbursed were mainly agricultural loans and business development loans. Details of the products offered were as follows.

- **Agricultural Development Fund.** This loan was given to SACCOs that were engaged in primary agricultural production, agro processing and marketing.

- **Business development Fund**. This fund enables SACCOs to enhance their growth, performance and participation in providing financial services for example by extending it to weak SACCOs to cover 50% of their audit expenses, upgrading their management information systems to the level they are able to interface with that of MSC.

There was a total review of the products therefore some of them have completely changed while new products have been introduced. The Iganga zonal office had not yet started offerings the new products but was in the process of doing so.

Table 3.9.1 List of SACCOs funded per district under Iganga Zone.

District	No of Sub counties	SACCOs operational	SACCOs funded per sub county	% coverage by SACCOs
Iganga	21	30	17	57
Kamuli	18	10	10	100
Jinja	12	63	15	24
Bugiri	18	10	7	70
Kaliro	6	4	2	50
Namutumba	7	4	1	25
Mayuge	13	10	9	9

Source: Iganga zone office records

Table 3.9.1 shows there are many SACCOs that are not covered by the MSC, the worst hit district being Jinja with a percentage coverage rate of 24. A total of 15 SACCOs are being funded of the entire 63 SACCOs in Jinja District.

Challenges:

- The staffing level at the zonal office is very small. There are only five staff members comprising of three technical officers and two support staff who manage the seven (7) districts.
- Most of the staff members are field based but there is only one vehicle for the zonal office. It's therefore hard for them to move frequently and also to easily supervise the SACCOs and other microfinance institutions being supported.

a) Ibulanku Sub County SACCO(Iganga District)

This is one of the SACCO which benefited from the MSC. The SACCO was registered on the 11th of January 2008.

There are four staff members managing Iburanku SACCO, the manager, cashier, credit officer and security officer. They are assisted by the seven board members who play an oversight role.

It has 307 fully registered members. To be fully registered one pays a total of UShs 25,000 which includes UShs 10,000 for subscription, UShs 10,000 for buying a share and UShs 5,000 for opening up an account.

The total savings portfolio at the time of the monitoring exercise was UShs 4,127,000, share capital of UShs 3,420,000 while loan portfolio stood at 17,500,000. The breakdown of the loan portfolio:

Loan product	**Amount**
Bodaboda	2,500,000
Commercial	11,000,000
Agriculture	1,500,000

The SACCO lends out mainly commercial loans, at an interest rate of 3% per month for a period of 4 to 12 months. The area was heavily hit by drought which affected agriculture and therefore the loan amount for this product was only UShs 1,500,000.

The SACCO offers mainly four products that include commercial loans, school fees loans, boda boda loans and Agricultural loans each at 3% per month. The boda boda loan was still a new product and two clients had benefited from this product.

The overall loan recovery rate as at end of April was 84% which was below the zonal recommended rate of 95%

Office Premises of Ibulanku SACCO

Support from MSC

- The manager, cashier and board members have been trained by MSC several times.
- The SACCO has also received financial support from MSC in terms of loans. A Business enhancement loan was received in November 2009 of UShs 15,000,000/= at an interest rate of 13% per annum with a six months grace period. The SACCO was servicing the loan on time.
- The SACCO had also received support

from UCSCU in form of a safe and a filing cabinet.

b)Bugiri Agency for Youth Development SACCO (Bugiri District)

Bugiri Youth SACCO started operations in 2003 and was registered in 2004. It had a skeleton staff with two members of staff; the manager and cashier. There were 436 fully registered members who pay a total of UShs 20,000/= to be registered. This includes UShs 10,000/= for membership and UShs 10,000/= as share capital.

Its savings portfolio was UShs 5,600,000/= and share capital UShs 7,600,000/= while the loan portfolio was UShs 9,600,000/=. The SACCO was performing poorly.

Though the SACCO opened in 2004, it closed operations in 2009 after losing a total of UShs 23 miilion saved with TEAM (Together Everyone Achieves More). At the time the SACCO was monitored, it had been in operation for only one week. TEAM had convinced the SACCO into investing most of their funds in their organization with a hope to reap quick profits. The office closed before paying any money back to the SACCO. This put the SACCOs portfolio at risk at 96.4% as at 31st December 2009.

The SACCO offers commercial loans at a 4% interest per month for a period of six month and emergency loans at 10% interest for only one month.

Support from MSC

- The manager and board members had been trained by MSC.
- Two loans from MSC, the first loan was a commercial loan of UShs 5,000,000 at a 13% interest rate on reducing balance received in 2006 for a loan period of two years. The SACCO paid back part of the loan and had an outstanding balance of UShs 1,800,000. The second loan was UShs 10,000,000 commercial loan at a 13% interest rate per annum and the outstanding balance was UShs 9,000,000.

Challenge

- Small capital base of savings portfolio of UShs 5,600,000/=; share capital UShs 7,600,000/= and the loan portfolio of UShs 9,600,000/=. The SACCO is not able to meet the clients demand.

c) Bunya SACCO (Mayuge District)

The SACCO was registered in September 2004 and is managed by three members of staff: the manager, loans officer and a cashier.

The SACCO had 864 fully registered members who pay a total of UShs 35,500/= including: share capital – 20,000/=; membership – 5000/=; pass book – 5,000/=; ledger fees – 5,000/= and file cost at 500/=.

The total savings portfolio as at end of March 2010 was UShs 25, 000,000/=, share capital of UShs 46,567,200/= while loan portfolio was at UShs 72,068,587/=.

Bunya SACCO offers a number of products at an interest rate of 2.5% per month apart from the emergency loan which is at 10% interest for one month. The other loan products offered are; motorcycle loans, bicycle loan, school fees loan, agricultural loan, solar loan, commercial/business loan, phone loan and home improvement loan. The loan period ranges from 1 – 10 months.

The agricultural loan product had the highest loan portfolio followed by business loan, then the motorcycle loan.

The recovery rate was poor as at end of March 2010 standing at 68.5% with a portfolio at risk of UShs 15,989,895/=.

The SACCO had not received any assistance from UCSCU.

Support from MSC

MSC had trained the management staff, board members and some clients on SACCO governance and financial management

The SACCO received financial support in terms of loans. A total of four loans were received from MSC intable 3.9.2:

Table 3.9.2 showing amount of loan amount received from the MSC

Date received	Type of loan	Amount	Interest rate	Comments
6/09/2007	Commercial loan	10,000,000	13% per annum	Loan repayable
16/03/2009	Start up loan	10,000,000	No interest	Being repaid
16//03/2009	Agricultural loan	10,000,000	9% per month	Being repaid
15/07/2009	Commercial loan	50,000,000	13% per annum	Being repaid

Source: Financial records of Bunya SACCO

c) Baitambogwe SACCO (Mayuge District)

The SACCO was registered on the 31st of March 2006 as 7565/RC and had two staff members; the manager and a cashier who are assisted by the board members. It had 484 fully registered members and 52 partially registered. A fully registered member pays a total of UShs 26,000 including share capital is UShs 20,000; entry fee of UShs 5,000 and membership fee of UShs 1,000.

The loan portfolio was UShs 85,602,990/= while the portfolio at risk was UShs 4,189,640/=.

The SACCO offers three loan products; business loan/commercial loan at 3.5% interest rate per month, agricultural loan at 3.5% interest rate per month and school fees loans. This means that the interest rate per annum is 42% which is high for the rural based population and a cause for escalating default rates.

Most of the loans are business loan and the recovery rate as at end of March 2010 was 64% which is rather low. The recovery rate was too low

Assistance from MSC

- Some management staff members and board members had been trained by MSC.
- The SACCO got financial support from MSC in terms of loans. A total of UShs 45,000,000 was received.

The SACCO was also supported by UCSCU in terms of salaries for three staff members, safe, filing cabinet and stationary.

Challenge

- The Board members reported that it took over three months to access loans from MSC. However the zonal manager stated that it only takes two weeks to get the loans if all the requirements are met.

e) Bateesa SACCO (Iganga district)

The SACCO started operations in 2005 and it was registered on the 27th of May 2005. It is managed by five staff members: manager, two cashiers, a credit officer and a security guard.

It had 1,172 fully registered members who were required to pay a total of UShs 20,000/= each for full membership comprising of a membership fee of UShs 10,000 and share capital of 10,000=

As at 30thApril 2010 the loan portfolio was UShs 94,000,000/=, savings UShs 59,907,124/= while the share capital was UShs 15,596,869/=. The portfolio at risk was UShs 4,844,000 while the recovery rate was at 87% .

The loan products offered by Bateesa SACCO were business loans, school fees loans, salary loans, all at a 3% interest rate per month. Emergency loans are also offered at an interest rate of 10% per month for a maximum period of one month. Business loans take up the largest part of the loan portfolio.

Support from MSC

- The manager, credit officers and three board members were trained in various fields by MSC.
- The SACCO also received financial support in terms of loans. At the time of monitoring four loans totaling to UShs 56,000,000 had been received. The first loan of UShs 5 million was received in 2006 at an interest rate of 9% per annum. The second loan was a commercial loan of UShs 6 million in 2007 at an interest rate of 10%. The third loan was UShs 15m in 2008, being a commercial loan at an interest rate of 10% and the fourth commercial loan of UShs 30m in October 2009. The first three loans were paid off and the fourth loan was being serviced.

The SACCO had not received any support from UCSCU.

f) Buganga Agali Awamu SACCO

The SACCO was registered on the 21st of March 2007 and had four staff members that is the manager, cashier, loan officer and accounts assistant. The SACCOs performance was good.

The SACCO had 1,300 fully registered members who pay a total of UShs 18,000/= comprising of entry fee of UShs 5,000/=, share capital contribution of UShs 10, 000/=, pass book 2,000/= and ledger card cost at 1,000/=.

The savings portfolio was UShs 96,380,635/=, share capital UShs 35,290,000/= while the loans portfolio was UShs 135,051,217/=.

The SACCO offers a variety of loan products that include;

- Agricultural loans offered at 2% and 3% interest rate per month depending on the crop in question.
- Commercial loan offered at a 4% interest for a period of 12 months.
- Transport loans were also offered at a 4% interest for a period ranging from 6-8 months. This type of loan is given to individuals who are interested in dealing in the "boda boda" business. For an individual to access this loan, they must have UShs 1,700,000 compulsory saving with the SACCO. At the time of monitoring about 40 motorcycles had been given out under this arrangement.
- Housing loan; the maximum loan amount for this product was UShs 1,000,000 at a 4% interest. This type of loan is given to individuals who want to improve their homes for instance finishing construction or buying home assets.
- School fees loan; offered at a 4% interest per month for a maximum period of four months. The maximum loan amount was UShs 500,000/=.
- Emergency loan; offered at a 10% interest and it's only for one month. The maximum loan amount was UShs 100,000/=.

The biggest percentage of the loan portfolio was for Agricultural loans that had a balance of UShs 41,052,250 followed by commercial loans (37,112,417). The recovery rate at the time of monitoring was 83% while the PAR was UShs13, 000,000/=.

MSC support

- MSC had trained members of staff and some board members in various fields.
- The SACCO received three commercial loans totaling to Ushs 50,000,000 at a 9% interest rate per annum. The SACCO was paying back the loans well, with the 1st one cleared and yet to clear the 2nd one in February 2011.

g) ROBUDA Luuka SACCO (Royal Busoga Dev't Agency-Robuda)

The SACCO started operation in 2002 and it was registered on the 14th of August 2002 and it had three members of staff managing its daily activities; the manager, credit officer and cashier.

There were 1,052 fully registered members and each was required to pay a total of UShs 37,000/= which was broken down as; membership fee UShs 12,000/=, share capital contribution UShs 20,000/= and stationary (pass book, file, membership form) UShs5, 000/=.

Robuda's savings portfolio was at UShs 73,000,000/=, share capital at UShs 20,000,000/= while the loan portfolio was at UShs 159,000,000/=

The SACCO offers mainly two loan products: the commercial loan at a 2% interest per month and the motorcycle loan which is also offered at a 2% interest per month for a maximum period of 10 months.

The minimum loan amount for a commercial loan is UShs 100,000/= and maximum is UShs 3,500,000/= for a period ranging from 4-10 months.

For the motorcycle loan, a client has to have savings ranging from UShs 700,000/= to UShs 1,000,000/= before accessing the loan. For the case of the motorcycle loan, the SACCO maintains the log book card until the client clears the loan amount. It was stated that the motorcycle loan is a popular product and it has given opportunity to many youths to earn a living in the area. A total of fifteen (15) beneficiaries were able to get the motorcycle loans.

The portfolio at risk was 20% while the recovery rate was in the range of 70% to 80%.

The commercial loans take up majority of the loans portfolio with a total of UShs 123,000,000/= while the motorcycle loan value was UShs 37,000,000/=.

Support from MSC

The SACCO had received financial support in terms of loans since 2005.At the time of monitoring; it had received five loans from MSC as shown in table 3.9.3.

Table 3.9.3 Loans disbursed by MSC

Year	Loan type	Amount(millions)	Interest rate P.A
2005	Start-up	5m	9%
2007	Commercial loan	12m	13%
2008	Commercial loan	10m	0%
2008	Commercial loan	10m	9%
2009	Commercial loan	35m	9%

Source: Financial records of ROBUDA luuka SACCO

The SACCO had been able to pay back the 1st loan of UShs 5,000,000 and was to clear the 2nd and 3rd loan in June 2010. The SACCO was properly servicing the loans and they were indications that they will clear all the loans on time.

The SACCO's management staff and board members had received training from MSC.

Challenges

- Inadequate funds yet the demand is high
- The savings culture of the members is very poor as well as the loan repayment.

The SACCO had not received any assistance from UCSCU.

Box 3.9.1:SACCOs that closed operations

Lambala SACCO *and* ***Buwenge SACCO in Iganga zone*** *were found closed and not operating but with their posters still up. The SACCOs closed owing MSC funds totaling to UShs 27,409,299/= and UShs 9,828,154/= respectively and no action had been taken. According to MSC records (Iganga office), the outstanding loans were not written off. It was noted that MSC was not aware of their closure and this should have been discovered if regular supervision were done by the zonal office.*

According to the residents of the area, ***Lambala*** *run bankrupt and closed operations, and they did not know the whereabouts of the former staff members.* ***Buwenge SACCO,*** *opens every Tuesday of the week but they were not sure of the exact business they were involved in.*

Both offices looked disserted which was a clear sign that there was no business.

Mayuge SACCO *also closed and the office could not be traced.*

h) Joyford SACCO (Jinja District)

Joyford SACCO is managed by five staff members, the manager, cashier, accounts assistant, loans officer and a security guard.

It started operations in 2004.

The SACCO had 1135 fully registered members who pay a total of UShs 16,000/= to be registered. This includes; a share of UShs 10,000/=, membership fee of UShs 5,000/=, and a pass book at UShs 1,000/=.

As at end of March 2010, Joyford's savings portfolio was UShs 20,954,000/= and share capital at UShs 16,400,000/= while the loans portfolio was at UShs 22,390,500/=

Office Premises of JOYFORD SACCO

The SACCO offers two loan products, the commercial loan at 3% interest for a loan period ranging from 6-8months and emergency loans at 1.5% interest for a period of 2-3 months. The SACCO was in the process of introducing an agricultural loan. At the end of March 2010, the recovery rate was at 95%.

Support from MSC

Joyford had received two commercial loans from MSC of UShs 30m, received on the 24th of November 2009 and UShs 20m, received in April 2010 at an interest rate of 13% per annum.

The SACCO officials stated that it took two years to get their first loan, and this was due to the many requirements which they were not well informed about. The SACCO has started servicing both loans and it is on schedule.

The manager, loan officers and board members had been trained by MSC on loan management and governance.

The SACCO received support from UCSCU of two computers, one motorcycle, a safe, filing cabinet, four bicycles and a generator.

Challenges

The team noted the following:

- The clients have a poor savings culture
- Staff members receive low salaries and therefore would wish government to come in and support them with salaries.
- The SACCO did not have enough furniture for clients.

B) K ABAROLE ZONAL OFFICE

The office handles seven districts of Kamwenge; Kabarol;e; Bundibugyo; Kasese; Kyenjojo; Mubende and Kyegegwa covering ninety four (94) sub counties. The total number of clients was sixty four (64) as follows; Kamwenge district (12); Kabarole (19); Bundibugyo (5); Kasese (16); Kyenjojo (6); Mubende (4) and Kyegegwa (2)

The zonal office covers ninety four sub-counties with a total of sixty four clients; of which fifty six are Savings and Credit Cooperatives (SACCOs) while the remaining eight accounts for the Small and Medium Enterprises and the Microfinance Institutions.

The loan products offered by the zonal office as at March 2010 were; Small and medium enterprises loans charged at 13% interest rate per annum; Agriculture loan charged at 9% interest rate per annum; Business development loan which was subdivided into Start up loan charged at 0% interest rate per annum; and Business enhancement loan charged at 9% interest rate per annum; Commercial/business loan charged at 13% per annum; Government loan which operated once in 2006 and the Guarantee loan which was to be charged at 9% interest rate per annum but was not implemented.

The loan types had however been slightly modified and others scraped for instance the start up loan and guarantee loan.

Kabarole region had by March 2010 disbursed a total of UShs 7,699,500,000 to 64 SACCOs/MFIs from different districts. The coverage of SACCOs by sub-county is Kabarole district 65%, Kyenjojo district 56%, Kamwenge district 76.2%, Bundibugyo district 36%, Kyegegwa district 40%, and Mubende district 27%

Table 3.9.4 shows the loan products, amount of funds disbursed and the outstanding balances on the disbursed loans for F/Y2009/10 for Kabarole zone

TABLE 3.9.4 THE LOAN DISBURSEMENT UNDER DIFFERENT LOAN PRODUCTS TO CLIENTS

Loan product	Amount Disbursed ('000) UShs	Outstanding balances('000) UShs
Commercial loan	1,435,000	1,109,657
Agriculture loan	5,539,000	5,278,961

Business Development	140,000	122,222
Small and Medium Enterprises	180,000	180,000
Government of Uganda	95,000	40,575
TOTALS	7,389,000	6,731,415

Source: Kabarole Zonal Office

The beneficiaries of the Small and Medium Enterprises loan were still in the grace period till June 2010.

Of the outstanding UShs 40.575,000 on the GoU loan, a total of UShs 17,300,000/= accrues to Kasambya SACCO while UShs 13,300,000/= accrues to Bageza SACCO and the balance of UShs 9,975,000 is the GOU loan balance which was overdue. Most of the SACCOs that received the GOU loan closed before paying back for example Bugoye women SACCO in Kasese district had a balance of UShs 2,000,000/= and Kasulenge SACCO in Bundibugyo district closed with UShs 1,666,710/=. The reason for the reluctance to pay and consequent closure of the SACCOs was based on the belief that GoU loan was free money.

The Zonal recovery rate as at April 2010 was 89% with a Portfolio at risk standing at 11%.

It was ascertained thatMSC authorized a loan disbursement increase from UShs 50,000,000/= to UShs100, 000,000/= commencing April 2010 and it took one month for a client to receive a loan having fulfilled all the requirements.

The zonal office provides technical support to the clients through hands on training; workshops among others to the management staff and board members. Two trainings were given in F/Y2009/10 on good governance and management of SACCOs and basic accounting.

Challenges at Zonal level

- Bundibugyo institutions have a low repayment rate because out of the five SACCOs; it's only Rwebisengo that is paying on schedule and the rest are defaulters.
- The Bunyoro Tooro Cooperative Union also is a threat since most of the SACCO/ people in the Kabalore region pay a lot of allegiance to their kingship and had been encouraged to join the Bunyoro Tooro Cooperative Unions that offers similar services like those of MSC.
- Some managers of SACCOs misappropriate the savers funds making loan recovery extremely difficult. The case in point was KALCADA SACCO where the manager misappropriated UShs25, 000,000/= received as an agriculture loan.

a) Smile SACCO (Kabalore local government)

The SACCO was registered on 24th July, 2008. It had 1600 fully registered members of whom 921 were female, 569 `male while 110 were students. The registered pupils/ students are either sons or daughters of the adult members but registered independently in order to easily access the school fees loan.

The requirements for full registration include:

- Share purchase at UShs 10,000/= @
- Stationary(pass book, ledger cards etc) at UShs10,000/=
- Local council recommendation letter and three pass port size photographs.

The SACCO had a share capital of UShs16, 000,000/=, cumulative savings portfolio of UShs80, 048,500/= and a loan portfolio of UShs100, 931,000/= with a recovery rate of 100% as at April 2010.

The SACCO provides four types of loans that included;

- School fees loan provided at 2% interest rate per month with maximum loan period of three months and the loan amount between UShs20,000/= and UShs400,000/=
- Business loan charged at 3% interest rate per month with the loan amount between UShs100, 000/= and UShs2, 000,000/= without a grace period.
- Emergency loan charged at 10% interest rate per month with a maximum loan amount of Ushs1, 000,000/= and a loan period of one month respectively for only those saving with the SACCO.
- Home improvement loan provided at 1.5% interest rate per month with a grace period of two months. The loan amount is between UShs100, 000/= and UShs 1,000,000/= and a loan period of one month and eight months.
- Motor cycle loan which are provided at UShs2, 100,000/= to members having a savings of UShs1, 300,000/= for a maximum loan period of five months. The SACCO retains the motorcycle logo book as collateral.

According to the Manager, it takes a month to obtain a loan from MSC and two to three weeks to receive a loan from the SACCO having fulfilled all the requirements.

The SACCO had so far received two loans from MSC; UShs 10,000,000/= as start up loan at 0% interest rate per annum in November, 2009 and UShs30, 000,000/= as a commercial loan at 13% interest rate per annum in May, 2010 for a maximum period of two years with a grace period of six months.

The SACCO is on schedule with the loan amortization. The SACCO manager and cashier received training in accounting and management and technical support from MSC.

Challenge

- Lack of soft ware for loan tracking, making it is extremely difficult to monitor loans and accurately truck their performance and repayment. The SACCO applied to MSC for the soft ware and a memorandum of understanding was signed to that effect but no further progress had been registered.

b)Agahakine Sacco (Kasese local government)

It was fully registered on 5th, September, 2003. It had 847 fully registered members.

The necessary information could not be obtained due to the absence of the manager and efforts to get in touch with him were futile.

c) Maliba Sacco (Kasese District)

The SACCO was in the hands of the office attendant so information could not readily be obtained. The manager and cashier were said to have travelled to Kasese town by the time of the monitoring.

d) Kahunge Rural SACCO (Kamwenge local government)

The Sacco was fully registered in 2003. It had 1,300 fully registered members as at end of May 2010 of whom thirty were disabled persons. It had four staff members that include; manager, loans officer, cashier and office attendant.

The requirements for full registration include:

- Membership fee of UShs10, 000/=
- Share purchase at UShs 10,000/= @
- Minimum savings of UShs10,000/=
- Stationary(pass book, ledger cards etc) at UShs5,000/=

The SACCO had a loan portfolio of UShs 185,000,000/= and a recovery rate of 90% with a Portfolio at risk approximately 4.5%. Its share capital was UShs39, 000,000/= and a cumulative savings portfolio of UShs 61,000,000/=.

The loan products offered by the SACCO include;

- Business loan provided at 3% interest rate on declining balance per month
- School fees loan at 3% interest rate flat rate for a maximum loan period of four months and the loan fund is between UShs 100,000/= and UShs 2,000,000/=
- Asset acquisition loan at 4% interest rate for a maximum loan period of twelve months; with the loan amount of UShs 100,000/= to UShs3,000,000/=. The assets under question are usually; land, motorcycle, house hold items like sofa sets among others.
- Agriculture loan which is further subdivided into;

- Horticulture loan at 2% interest rate on flat rate per month for a maximum period of five months
- Perennial crop loan at 1.5% interest rate on flat rate per month for a maximum period of one year.
- Live stock loan at 1.8% rate on flat rate per month for a maximum period of one year.
- Emergency loan at 10% per month with the loan amount of UShs100, 000/= to UShs 500,000/= and loan period of 1-2 months.

According to the Manager, it takes a fortnight to acquire a loan from the SACCO incase a client fulfills all the requirements. It was noted that the management can approve loans below UShs 400,000/= while all those above are approved by the loans committee.

It was established that 70% of the SACCO members received loans including four members of disabled persons.

The collateral obtained from the clients include logo books for motor cycles, Kibanja agreements and receipts of assets being used.

The SACCO obtained a total of UShs 150,000,000 from the MSC as stated here below:

- UShs10,000,000/= obtained in February, 2006 as a commercial loan charged at 13% per annum
- UShs10,000,000/= obtained in July,2006 as a commercial loan charged at 13% per annum
- UShs15,000,000/= in September,2007 as a commercial loan charged at 13% per annum
- UShs15,000,000/= in June,2008 as a commercial loan charged at 13% per annum
- UShs 100,000,000/=obtained in August, 2009 as agriculture loan charged at 9% per annum with a six month grace period.

The first three loans were fully paid off while the fourth and fifth loans were yet to be completed.

The SACCO staff and the board members were trained by MSC on ownership, governance, and micro loan appraisal in the year 2009.

There had been technical support and supervision by the MSC. The management complained that the MSC staff takes long to visit them for supervision.

Challenges

- Lack of soft ware for loan tracking is making it extremely difficult to monitor loans and accurately track performance and repayment. The SACCO applied to MSC for the soft ware and a memorandum of understanding was signed to that effect but no further progress has been registered.
- Loan appraisal and monitoring of the client is also difficult due to absence of transport and absence of equipment to execute such activities like computers.

- The UCSCU also promised strengthening support of Motor cycle, regenerator and or solar equipment and a memorandum of understanding was signed to that effect but had delivered.

e) Businge SACCO (Kamwenge District)

The SACCO was duly registered on 15th February 2005 and had 947 fully registered members as at April 2010. The SACCO had 611 males, 204 females, 128 groups and 4 institutions.

The requirements for full registration include:

- Subscription fee of UShs5,000/=
- Entry fee of UShs5,000/=
- Two share purchase at UShs20,000/=
- Stationary(pass book, ledger cards) at UShs2,000/=

The SACCO had a share capital UShs32, 325,000/=, cumulative savings portfolio of UShs29, 224,994/= and loan portfolio of UShs105, 966,389/=. It had a recovery rate of 83% with a portfolio at risk of 0.7% translating into bad debts of UShs9, 000,000/=.

The loan products offered by the SACCO include:

- School fees loan at 3% interest rate per month on declining balance for a maximum loan period of three months and the loan is between UShs 100,000/= and UShs500,000/=
- Commercial loan at 3% interest rate per month on declining balance for a maximum loan period of six months and the loan is between UShs 100,000/= and UShs2,000,000/=
- Agriculture loan at 2.5% interest rate per month on declining balance for a maximum loan period of nine months with a grace period of one year.

According to the manager it takes two to three weeks for the clients to receive loans from the SACCO. The loans are processed by the loans committee and the funds are directly deposited into the client’s savings account. This is aimed at controlling the big numbers of clients who would otherwise congest the SACCO premises waiting for cash payment. For one to get a loan, one has to present the collateral security usually in form of land (bibanja) agreement, car/ motorcycle logo books, cows, and livestock.

Funding from the MSC

The SACCO had so far received one loan of UShs40, 000,000/= as an agriculture loan in June, 2008 at 13% interest rate per annum with a grace period of one year for a maximum loan period of three years.

According to the manager, it took the SACCO four months to receive a loan from MSC and had applied for another loan of UShs100, 000,000/= which the SACCO had not yet received.

f) Bugaaki SACCO (Kyenjojo local government)

The office premises of Bugaaki SACCO. The Middle door shows the office

The team was unable to obtain all the necessary information because the manager was absent and the only staff present was the security guard who was able to avail the following little information.

The SACCO was duly registered in June, 2008 The SACCO had 294 fully registered members with two staff members; the manager and the security guard who are assisted by the board of governors who play an oversight role.

The requirements for full registration of members include:
- Share contribution at UShs 20,000/=
- Registration fee at UShs 5,000/=
- Stationary(pass book, ledger cards etc) at UShs1,000/=

g) Miranga SACCO in Kyenjojo

The SACCO was duly registered on 25th, May, 2006. The SACCO had four staff members; the manager, cashier, loans officer and security guard.

It had 518 fully registered members as at end of May 2010 including fifteen social groups of women, youth and entrepreneurs. The SACCO had four disabled members of whom three were male and a female.

The SACCO had a share capital of UShs 10,425,000/=; cumulative savings portfolio of UShs14, 611,050/= and loan portfolio of UShs34, 606,900/=. The agriculture loan takes the biggest percentage of the loan portfolio. The recovery rate stood at 84% with portfolio at risk of 16%.

The SACCO offers the following loan products to its clients:

- Agriculture loan offered at 3% per month with the loan period between one to six months and amount between 50,000/= and UShs2, 000,000/=.

- Business loan offered at 3% per month with the loan period between one to six months and amount of UShs50,000/= to UShs2,000,000/= .
- School fees loan offered at 3% per month with the loan amount between UShs300, 000/= and UShs1, 000,000/=.

The requirements for one to receive a loan from the SACCO include:

- Having 15% savings of the loan amount required.
- Having collateral which include but not limited to; land, commercial house, tea chambers; and two guarantors.

Assistance from MSC

The SACCO had received one loan from MSC of UShs 10,000,000/= in September, 2009 as start up loan at 0% interest rate for a period of two years. The SACCO also applied for an agricultural loan of UShs30, 000,000/= in March 2010 but had not yet received the funds.

Apart from the loans, the SACCO staff and board members were trained in loan appraisal and governance.

The SACCO received the start up kit from UCSCU which included the safe, filing cabinet, two bicycles, two calculators and salary for the staff up to December 2009.

Challenge

The SACCO had not received any operation grant from UCSCU to cater for the salaries of the staff members since December 2009 and was struggling to pay from the internally generated funds.

h) Banyakyaka SACCO (Kyegegwa local government)

The SACCO was fully registered on the 1st, March, 2002. It had five staff members that include; the manager, cashier, loans officer, records assistant and security guard. The SACCO had 771 fully registered members as at 2nd, June, 2010 comprising of 549 men; 131 female; 20 groups and 33 institutions. Of the 20 groups; two are for the disabled.

Requirements for full registration are:

- Four share purchase at UShs40,000/=
- Savings account opening at UShs10,000/=
- Registration at UShs5,000/=
- Stationary(pass book, ledger cards etc) at UShs10,000/=

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The SACCO had share capital of UShs23, 566,500/=, savings portfolio of UShs48, 652,849/= and a loan portfolio of UShs103, 249,050/=. The agriculture loan takes the biggest share of the loan portfolio. The recovery rate was 66%.

The loan products offered by the SACCO include:

- Agriculture loan offered at 3% interest rate per month with a three month grace period and a maximum loan amount of UShs3,000,000/= for six months.
- Commercial loan offered at 3% per month with a maximum loan amount of UShs3, 000,000/= for eight months.
- Emergency loan provided at 5% per month for a maximum loan period of three months and maximum loan amount of UShs 1,000,000/=
- School fees loan provided at 4% per month with maximum loan amount UShs1, 000,000/= and a period of four months.

The SACCO set up some requirements for one to access the loan that includes collateral in form of: land; logo book: savings of at least 10% of the loan applied for and two guarantors

Support from the MSC.

The SACCO received two loans from MSC: one of UShs10, 000,000/= as start up at 0% interest for a maximum loan period of two years and UShs UShs20,000,000/= as agriculture loan at 9% interest rate for two years. According to the manager, the SACCO had not obtained more funding because they had to first change the board members as the current one had overstayed. However, the SACCO members had confidence in the board and were against disbanding it.

MSC offered technical support and training to the staff and the board members.

Challenges

- Failure by MSC to give the SACCO more funds that is premised on the fact that the board members had overstayed in office.

i) Kasambya SACCO (Mubende District)

The SACCO was duly registered in 2005.. It had four staff members; manager, cashier, accountant and loans officer. The SACCO had 1,138 fully registered members who pay a total of UShs 55,000 including:

- Share contribution of UShs30,000

- Savings account opening at UShs25,000/=

The groups' registration requirements however vary as theu pay Ushs 115.000 including:

Office premises of Kasambya SACCO in Mubende District

Three share purchase at UShs 90,000/= and savings account opening at UShs25, 000/=

The agriculture loan accounts for the largest portion of the loan portfolio. The SACCO had a share capital of UShs53, 149,000/=, cumulative savings portfolio of UShs189, 412,951/= and a loan portfolio of UShs251, 165,400/= with a recovery rate of 70% and portfolio at risk of 20%.

The SACCO was performing well and had been able to mobilize a reasonable number of members totaling to 1138.

Of the 1,138 members, 519 have received loans among those are the disabled and people with HIV/AIDS.

The SACCO offers the following loan products:

- Agriculture loan offered at interest rate of 2% for a period of one to twelve months and loan amount UShs50, 000/= to UShs5, 000,000/= while for groups it was UShs50,000/= to UShs10,000,000/=
- School fees loan offered at an interest rate 1% per month with loan period between one month to six months for tertiary education loans and one month to three months for secondary and primary school loans. The amount offered is UShs 400,000 to 1,500,000.
- Trade and commerce loan is charged at 2% per month for a maximum loan period of twelve months; maximum loan amount lies between UShs100,000/= to UShs5,000,000/= for an individual while for the group, the loan amount is between UShs100,000/= and UShs10,000,000/=
- Transport loan which is further subdivided into;
    - Boda boda loan charged at 2% interest rate per month and the loan amount is UShs 100,000 to Ushs5,000,000
    - Commercial vehicles charged at 2% per month for a maximum loan period of twelve months. The loans range between UShs100, 000/= and UShs5, 000,000/=.

For the client to receive a loan one is required to have 30% of the required value of the motor vehicle/motor bike.

- Housing loan charged at 2% per month for a maximum loan period of twelve months with loan amount between UShs100, 000/= and UShs5, 000,000/=

- Emergency/health loan charged at 2% per month for a maximum period of twelve months. This loan is strictly offered on health related cases.

Assistance from the MSC

The SACCO received a total of UShs 61,500,000 from the MSC in three installments. The SACCO received UShs5, 000,000/= in 2005 as start up loan at 0% interest; an agriculture loan of UShs40, 000,000/= in 2008 charged at 9% per annum for a maximum period of three years and UShs16, 500,000/= in 2009 as commercial loan charged at 13% per annum for a maximum loan period of four years with a grace period of six months. The SACCO was on schedule with the amortization of the loans.

Apart from the loans the SACCO benefited from training and technical support from MSC.

C) **MASAKA ZONAL OFFICE**

The Masaka zonal office controls five districts with 47 clients as shown in table 3.9.5

Table 3.9.5: Clients covered under Masaka Zonal office

District	Number of clients
Masaka district	23
Lyatonde	04
Rakai	11
Ssembabule	06
Kalangala	03
TOTAL	**46**

Source: Zonal office performance report

There are five staff members at the Zonal office who include; Senior financial services officer, Financial services officer, Accountant, Administrative assistant and Logistics assistant.

The clients include SACCOs, SME's and individuals.

The Zonal office gives the following loan products to its clients;

- Micro enterprise loan which is currently the commercial loan issued at a 13% interest rate per annum for a two year loan period.
- Agriculture loan offered at a 9% interest per annum. It has a loan period of two years with six month grace period. The repayment frequency depends on the activity funded.
- Small Medium Enterprise (SME) loans offered at a 17% interest rate but this was negotiable, however, if it is for agricultural purposes it is given at a 9% interest.

- Business enhancement loan offered at a 9% interest per annum on reducing balance. The maximum loan amount is UShs 10 million payable in two years.
- Start-up loan; The SACCOs pay back only the principal loan amount therefore it is interest free. The maximum loan amount is UShs 10million payable in two years.

The monitoring team was informed that processing of the loan takes two to three weeks for a SACCO after submitting in all the requirements .Originally the zonal office could approve loans to a tune of UShs 50,000,000 but this was increased to 100,000,000 since May 2010. The SACCO has to produce the following documents to access the loans:

SACCO Requirements

- Certificate of registration
- Audited accounts for at least one year.
- Latest final accounts after audited accounts.
- Maximum liability from the registrar of companies.
- Annual returns
- Application form.
- Resolution to borrow by the board and management of the SACCO.

The zonal office identified some of the obstacles of the SACCOs to obtain the loans;

- Inability to prepare final accounts for submission to the MSC.
- Requirement of the maximum liability from the ministry of trade which according to the SACCO takes time to be obtained.
- Lack of skilled manpower to manage SACCO activities.

The Masaka zonal office was able to extend capacity building services in form of training and workshops to its clients during the period under review. However funds for training were inadequate and therefore the zonal office had not carried out a number of capacity building training.

The Zonal office had given out a loan portfolio of UShs 1.9 billion of which the SME loan product had the highest loan portfolio of UShs 882million, Agriculture was at UShs 836 million while the start-up loan was at UShs 193million.

The zonal office was performing well with the recovery rate of 97%.

i) Rakai Local Government

In Rakai local government, Victoria Basin SACCO and Kyotera Tusimbude SACCO were monitored.

a) Victoria Basin SACCO.

Victoria Basin was registered as a SACCO on the 6th of November 2000.The SACCO had 28 members of staff with five branches in three districts.

There were 6378 fully registered members who pay a total of UShs 30,000/= each comprising of UShs 20,000/= for opening an account and a share capital contribution of UShs 10,000.

The SACCO's savings portfolio as at 31st march 2010 was UShs 206,000,000/=, share capital of UShs 198,254,000/= while the loan portfolio was UShs 984,000,000/=.

The recovery rate by end of March was 87% while the portfolio at risk was 10.3%.

Victoria basin was supported by UCSCU who gave a generator and conducted trainings.

The SACCO offers a number of products to its clients which include:

- Commercial loans which are offered at an interest rate of 38% per annum and 3.2% per month. The loan period ranges from 6 -12 months and the minimum loan amount is UShs 200,000/= while the maximum loan amount is UShs 5,000,000/=
- The Agricultural loan is offered at an interest rate of 38% per annum and at 3.2% per month. This product takes the biggest percentage of the loan portfolio of 68% of the loan funds disbursed.
- Salary loans are offered at a 10% interest rate per month for a period of two months.
- School fees loans are offered at 38% per annum and 3.2% per month.
- Solar loans are offered at a minimum loan amount of UShs 300,000/= and the maximum loan amount of UShs 4,000,000/=.The loan period is 6 months.

Assistance from MSC

The SACCO received training for staff members and board members in the year 2009

They also received financial support in terms of loans. At the time of monitoring the SACCO had received 6 loans from MSC totaling to UShs 620 million as shown in table 3.9.6.

Table 3.9.6: Loans received from MSC

Year	Loan type	Amount(millions)	Interest rate P.A
Sept 2001	commercial	20,000,000	13 %
Oct 2002	Commercial loan	50,000,000	14%
June 2004	Commercial loan	75,000,000	13%
Aug 2006	Commercial loan	75,000,000	13%
Aug 2006	Commercial loan	200,000,000	13%
July 2007	Commercial loan	200,000,000	13%

Source ; The SACCO financial records

The SACCO has been paying back the loans very well but declined in the year 2009 because of drought that hit the area. It had an outstanding amount of UShs 101million on the 5th and 6th loan obtained from the MSC.

Specific challenges

- There was multiple borrowing by clients from different institutions and this affects their ability to pay back the loans.
- The clients have a very poor saving culture, most of them just come for loans and are not interested in saving
- The SACCO is also faced with high staff turn over.

b) Kyotera Tusimbude SACCO Ltd (Rakai District)

Kyotera Tusimbude was formed in 2003 and it was later registered on the 16th November 2004. The SACCO is managed by 5 staff members who include the manager, loans officer, credit officer, cashier and a security guard. They are assisted by the board members whom play an oversight role.

It had 661 fully registered members as at April 2010.Atotal of UShs 23,000/= is paid by a client to be a registered member, where UShs 10,000/= is for buying one share, UShs 10,000/= for opening an account and UShs 3,000/= for a pass book. For a client to obtain a loan, he/she is required to buy three shares i.e. UShs 30,000/=.

By the end of April 2010, the SACCO's share capital was UShs21,770,000/= and savings portfolio was UShs 24,056,013/= while the loan portfolio was UShs 60,838,250/=.The recovery rate as at April 2010 was 27.2% after declining from 37.9% at the end of March 2010. The portfolio at risk was UShs 23,740,350/ being 39%

The SACCO had a number of products it offers to its clients;

- School fees loans are offered at 6% interest per month on reducing balance. The loan period ranges from one month to eight months with a minimum amount of UShs100, 000/= and maximum of UShs 500,000/=.
- Agricultural loans offered at a 6% interest per month on a reducing balance. The loan period ranges between 1 – 8 months and the minimum loan amount is UShs100, 000/= while maximum amount is UShs 700,000/=.
- Commercial loans offered at 6% interest rate as school fees loans with a minimum loan amount of UShs 100,000/= and maximum of UShs2,000,000/=.This product covers the biggest percentage of the loans portfolio.
- Emergency loans are offered at a 6%- 10% interest rate for only one month, the minimum loan amount is UShs 100,000/= while the maximum loan amount is UShs 200,000/=.

Box 3.9.2: Interest rates charged by Kyotera Tusimbude SACCO

It was noted that Kyotera Tusimbude SACCO charges a very high interest rate of 6% per month translating into 72 % per annum which is high for the borrowers to service the loan. This has led to high default rate among the borrowers. The loans obtained from the MSC is charged at 9% to 13% per annum only but charged at 72% per annum to the client.

Support from MSC

The SACCO received technical advice in form of training in the year 2009.

It also received financial support in terms of loans. At the time of monitoring, the SACCO had received two loans from MSC. The first loan was received in April 2006 as a business enhancement loan of UShs 5,000,000 at a 9% interest rate per annum. This loan was already paid off. The second loan of UShs 10,000,000 was a business enhancement loan received in March 2010 at a 9% interest per annum.

Specific challenges

- Inadequate funds for loans. It was noted that because of the high interest rates charged, there are few people interested in becoming members of the SACCO.
- Multiple borrowing by clients yet the SACCO cannot easily tell whether a client has other loans with different institutions. This constrains the repayment abilities of the borrowers.

MASAKA LOCAL GOVERNMENT

In Masaka district, two SACCOs were monitored, that is Kyazanga Kwegata SACCO and Kitooro SACCO.

c) Kyazanga Kwegata Microfinance SACCO Ltd.

The SACCO was registered in 2005 and is managed by five staff members; the manager, one accounts assistant, one banking assistant and two loans officers.

There are 1,751 fully registered members that have fully paid a total amount of UShs 25,000/=each comprising of membership of UShs 5, 000/=, a share capital contribution of UShs 10,000/= and initial savings deposit of UShs 10,000/=.One is also required to bring three passport photos, and a letter of introduction from the LC or a recommendation from a member of the SACCO.

The SACCO’s share capital was UShs 147,510,000/=, savings portfolio at UShs 193,332,109/= while the loans portfolio was UShs 586,957,906/=.The recovery rate was 85% while the portfolio at risk was 20% which amounts to UShs 144,000,000 as at April 2010.

The SACCO was performing well and offers various products to its clients that include:

- Commercial loans which are offered at a 2% interest per month. The loan period ranges from 1-12 months with the minimum loan amount of UShs 300,000/= while the maximum was UShs 20,000,000.
- Agricultural loans offered at 2% interest per month on reducing balance. The loan period ranges from 1 -12 months with a 2 months grace period. The minimum amount was UShs 300,000/= while the maximum loan amount was UShs 2,000,000. The maximum loan amount could go up to UShs 20,000,000 depending on the agricultural activity a client is involved in. This product forms the highest loan portfolio.
- Education loans have a loan period ranging from 1 – 4 months at a 2% interest per month. The minimum loan amount is UShs 300,000/= while the maximum loan amount is UShs 1,000,000
- Development loans are usually offered for land acquisition, building and buying home assets. It is offered at a 2% interest per month with a minimum loan amount of UShs 300,000/= while the maximum loan amount is UShs 5,000,000. Under this loan product, solar loans are also offered but with a longer loan period of 1 – 12 months.
- Emergency loans are for only one month at a 10% interest rate. The loan amount ranges from UShs 10,000 to UShs 200,000/=.
- Special loans are usually given to business people bringing in imports. The loan period is one month at a 10% interest rate with a minimum loan amount of UShs 300,000/= while the maximum loan amount is UShs 5,000,000.

Support from MSC.

The SACCO obtained loans from the Microfinance support center.

The first loan was a commercial loan of UShs 140,000,000 at an interest rate of 13% per annum. This was received on the 21st of February 2009. At the time of monitoring, the SACCO had unpaid balance of UShs 62,000,000 being serviced, to be completed by 12th December 2011.

The second loan was UShs 50,000,000 an agricultural loan at a 9% interest rate per annum. It was received on the 20th of December 2009 for a loan period of 3 years with a one year grace period.

d) Kitooro SACCO Ltd.

The SACCO is found in Kyazanga Sub-county in Masaka district. The SACCO was registered on the 13th November 2004 and has two staff members; the manager and the cashier.

There are 745 fully registered members who pay a total of UShs 25,000/= each comprising of four shares at UShs 5000/=each, a pass book at UShs 3,000/= stationery at UShs 2,000/=.Three passport photos, an LC letter or any other identification is also required.

Kitooro SACCO offers a number of products;

- School fees loans are offered at a 4% interest per month. The loan period ranges from 1 - 6 months and the minimum amount is UShs 100,000/= while the maximum loan amount is UShs 400,000/=.

- Agriculture loan is offered at a 3.5% interest per month translating into 42% per annum. The loan period is 12 months with a 3 months grace period. This loan product forms the highest loan portfolio.
- The emergency loan is offered at a 5% interest per month. The loan period ranges from one week to one month and offers a minimum amount of UShs 100,000/= while the maximum amount is UShs 500,000/=.

The loan portfolio as at 15th May was UShs 72,334,650/= and savings portfolio at UShs 2,245,881/= while the share capital was at UShs 11,775,000/=.

The recovery rate as at May was 75% while the portfolio at risk was UShs 5,000,000/=.

It was noted that the savings portfolio was low at Ushs 2,245,881 implying that the SACCO had not done enough to mobilize the members.

Support from MSC

The SACCO had received four loans from MSC by the time of monitoring.

The first loan was UShs 5,000,000 for business enhancement loan received in 2006 at a 0.75% per month on reducing balance and the loan period was three years.The second loan was UShs 5,000,000; a commercial loan at a 13% interest per annum for two years and it was received in July 2007. The third loan received in 2009was UShs 15,000,000; an agricultural loan of a 9% interest per annum. Its loan period was three years with a grace period of 6 months. The fourth loan was UShs 25,000,000, an agricultural loan at a 9% interest per annum. This was received in 2009 and it had a grace period of 6 months for a period of three years.

The SACCO was up-to-date with servicing the loans. It had paid off the first three loans and was servicing the forth.

Kitooro SACCO members of staff and board members were also trained by MSC.

Challenges

- Difficulty in getting audited books /accounts because it is expensive for the SACCO that is still at the formation stage.
- Those who borrow agricultural loans usually face problems with repayments especially when they are faced with natural hazards that affect their products.

SEMBABULE LOCAL GOVERNMENT

One SACCO was monitored in the district and this was Mateete microfinance cooperative trust.

e) Mateete microfinance co-operative trust

It was registered on the 29th of October 2002.

The SACCO had eleven members of staff and these include; a manager, accountant, supervisor, three accounts assistants, four loan officers and one office assistant.

There were 3,109 fully registered members as at April 2010 and of these, 551 members were female, 1575 male, 80 institutions and 140 groups having 903 members. The requirement for full registration was share contribution of UShs 10,000/=, membership fees UShs 5,000/=, minimum savings UShs 5,000/= and a pass book of UShs 5,000/= totaling to UShs 25,000/=.

The MFI was performing well. The share capital as at end of April 2010 was UShs258, 617,700/=, savings portfolio was UShs 201,581,042/= while the loan portfolio was UShs 527,942,234/=.The recovery rate was 77% while the portfolio at risk was at 16.3%.

The MFI had good office premises and had mobilized a sizeable number of clients.

Office premises of Mateete SACCO

The MFI offers a number of loan products to its clients that include;

- Agricultural loan offered at 2.4% interest per month with a grace period of five months and the loan period of six months. The minimum loan amount is UShs 100,000/= while the maximum is UShs 15,000,000. The amount of money disbursed depends on the enterprise in question for instance. beans & maize attracts a maximum amount of UShs 3,000,000, cattle fattening business in the range of UShs 400,000/= - 1,500,000, while marketing of produce is given at 3% interest on declining balance for a loan period of 4 – 6 months for a maximum amount of UShs 15,000,000. This loan product takes the highest loan portfolio of 70%.
- Motorcycle loan is offered at a 3% interest per month on a reducing balance. The loan amount disbursed is UShs 2,600,000 for a period of one year. The SACCO has been able to finance one hundred fifty (150) motorcycles. For one to benefit he/she must be in the "boda boda" business and must be ready to use it for the same business .The SACCO retains the card for the motorcycle until one pays off the loan. The client must be a resident of Sembabule and must buy a minimum of 10 shares each at UShs 10,000/=.
- Commercial / Business loan is given at a 3% interest on reducing balance. The loan period is 8 months and the minimum balance of the loan is UShs 100,000/= while the maximum is 15,000,000=
- School fees loan; offered at a 3% interest on reducing rate. The loan period ranges from 4-6 months while the loan amount ranges from UShs 100,000/= to UShs 2,000,000

- Solar loan is given at a 3% interest on reducing balance. The loan amount ranges from UShs 100,000/= to UShs 10,000,000 depending on the type of panel required. The solar panels are procured in bulk from the service provider and given out to the borrowers.
- Housing loan is given to clients who are constructing houses, buying a plot or buying household assets. It is given at a 3% interest rate on reducing balance for a maximum period of one year.
- Emergency loans are given out at a 6% interest for a maximum period of one month and the loan amount ranges from UShs 50,000/= to UShs 100,000/=.
- Special loans are for three months period with two months of grace period. The loan amount ranges from UShs 500,000/= to UShs 10,000,000.

It was noted that it takes seven days for the SACCO to process a loan apart from the emergency and special loans which take one day and two days respectively. This is so because the loans committee sits weekly.

Support from MSC

- The SACCO staff and the board members were trained on governance and accounting.
- The SACCO received financial support in terms of loans. MSC had given the SACCO three loans totaling to UShs 175,000,000 at the time of monitoring. The first loan of UShs 5,000,000 was received in March 2006 at a 9% interest with a grace period of six months. The second loan of UShs 120,000,000; an agricultural loan was received in March 2009 at an interest rate of 9% and a loan period of three years. The third loan was UShs 50,000,000; a commercial loan received in November 2009 at a 13% interest rate for two years with a grace period of six months. The loan repayment was on schedule.

Challenge

- The SACCO needs computers as the number of clients has grown instead of the manual system currently being used. The manual system is slow and tedious.

D) MBALE REGIONAL/ZONAL OFFICE

The office is responsible for fourteen (14) districts: Mbale, Bududa, Manafwa, Sironko, Budaka, Pallisa, Bukedea, Busia, Tororo, Butaleja, Bukwo, Kapchorwa and soon Kibuku and Bulambuli effective from F/Y 2010/11.

The districts had the following clients/SACCOs: Tororo has seven clients; Sironko had seven; Pallisa with twenty seven; Mbale with sixteen; Bududa with seven; Manafwa with seven; Busia with ten; Bukedea with one; Kapchorwa with nine and Budaka with two making the total clients/SACCO under MSC support ninety three .

The Zone office has disbursed a total of UShs 1,095,000,000 to the SACCOs and at the time of monitoring, the outstanding loan amount was UShs 866,961,249. *The bad loans amounted to UShs 21,417,914 outstanding for over 365 days in respect to Bukedi teachers SACCO (*

UShs 6,973,469) and Aminanara SACCO (14,097,220). Both the SACCOs have closed offices and there was little chance of the MSC recovering the funds.

Box3.9.3: SACCOs that closed offices in Mbale zone

It was established that twenty three SACCOs received the UShs5, 000,000/= as GoU loan in 2006 of which eight SACCOs failed to pay the loans leaving an outstanding balance of UShs13, 619,967. The eight SACCOs are: NARU SACCO; Butiru SACCO; Budadiri SACCO; Morukokume growers SACCO; Syanyonja multipurpose SACCO; Burumico SACCO; Tororo poverty alleviation SACCO and Sebei teachers SACCO

The office provides the following loan products:

- Capacity development loans/start up loans of UShs 5,000,000- 10,000,000 at 0% interest rate per annum with grace period of six months.
- Business enhancement loan provided at 9% interest rate per annum of UShs 5,000,000- 10,000,000.
- Agricultural loan of UShs 5,000,000- 40,000,000 at an interest rate of 9% for a period of six month to one year.
- Commercial/Micro enterprise loan offered at 13% per annum for a maximum loan period of three years.
- Small and Medium enterprise loans provided at 17% for the processing SME and at 9% for the agriculture SME.

The startup loan and business enhancement forms the biggest percentage of the loan portfolio.

The zonal office also provides training and technical support to the SACCOs management staff and the board.

Challenges

- Most of the SACCOs under the zone are start up with few members, low loan portfolio, savings and share capital.
- Some SACCOs are set up and managed as family SACCOs in anticipation of receiving ‘’government free money’’.
- Poor record keeping systems which makes it difficult for the SACCOs to make rational economic decisions or credit decisions.
- Some SACCOs have low repayment rates because the board members borrow from the SACCOs and are usually reluctant to pay back. The cases in point are; Bungokho Mutoto SACCO, Busiu SACCO and Bahugu SACCOs in Mbale and Sironko districts respectively. It was also noted that some politicians borrowed funds from Bungokho Mutoto refused to pay back and when arrested, the chairperson instructed for their

acquittal. MSC therefore should sensitize the people that the loans from MSC is not government free money but must be paid back.

MBALE District

a)Nkwatirako SACCO

Nkwatirako SACCO is managed by two members of staff and nine board members. The staff members are the manager and a cashier. It was registered on 26th May 1992. It started way back in 1988 as kasale group but later became a SACCO and that's when it registered as Nkwantirako SACCO.

There are 360 fully registered members where 152 members are male and 208 are female. One is considered to be a fully registered member after paying a sum of UShs 45,000/= where UShs 30,000/= is for share contribution and UShs 15,000/= as entrance fee.

The share capital as at April 2010 was UShs 11,797,281/=, and savings portfolio was UShs 17,587,674/= while the loan portfolio was UShs 38,413,604/=.

The recovery rate as at April 2010 was 87% while the portfolio at risk was 13% of UShs 2,014,500. In the FY 2009/10 a total of 109 members of which 40 are male and 69 female received loans.

Loan products

The SACCO gives out two loan products that are the commercial and agricultural loans that are offered at 3% interest for a loan period of 6 – 12 months on declining balance. The loan amount for commercial loans ranges from UShs 100,000/= to UShs 1,000,000 while agricultural loans ranges between UShs 100,000/= to UShs 500,000/=.The agricultural loan forms the highest loan portfolio.

Support from MSC

The SACCO had received six commercial loans from MSC totaling to UShs 56,000,000. The first three loans totaling to UShs 15,000,000 was paid off on time and the SACCOwas servicing the fourth loan of UShs 8,000,000. The outstanding loan is the fifth and sixth loan of UShs 10,000,000 and 23,000,000 received in Dec 2009 and February 2010 respectively.

Challenges

- Non members of the SACCO use the clients of the SACCO to obtain money and eventually refuse to service the loans because they know that it will be difficult to follow them up.

b) Namatsyo SACCO

The SACCO was registered on 14th May 2009. There are three staff members; the manager, cashier and loans officer.

It had 650 fully registered members of which 204 are female while 446 are male. One is considered a fully registered member after paying UShs45, 000/=, where UShs 5,000/= is for membership, UShs 20,000/= for share contribution and UShs 20,000/= for opening a savings account.

The share capital was UShs 49,950,000/= and loan portfolio was UShs 77,984,700/= while the savings portfolio was UShs 34,335,500/=.The SACCOs recovery rate was 69% while the portfolio at risk was 31%.

The SACCO offers two loan products that include commercial and agricultural loans. Commercial loans are offered at a 20% interest in six months in the range of UShs 300,000/= to UShs 2,000,000=. Agricultural loans are also offered at 20% interest for six months while the loan amount ranges from UShs 300,000/= to UShs 2,000,000. Commercial loans take the highest percentage of the loan portfolio. A total of 480 members had accessed the loans from the SACCO that had greatly contributed to the growth in the number of members.

Support from MSC

- The SACCO received three loans since April 2009. The first loan was UShs 5,000,000 received in April 2009 as a startup loan, with a grace period of six months. The second loan was also a startup one of UShs 5,000,000 received in July 2009. In September 2009, a total of UShs 20,000,000 was received at 13% interest rate for two years without a grace period.
- The SACCO manager and loans officer were trained in sound practices of Microfinance.

c) Budaka rural enterprise SACCO (Budaka District)

The SACCO was registered in December 2006. It has four staff members; the manager, cashier, customer care officer and security guard.

As at April, there were 561 fully registered members and of these, 162 were female, 392 male and 7 groups. Ten of the members were disabled and only one of them had applied for a loan.

An individual is required to pay a total of UShs 38,000/= to be considered fully registered. This comprises of UShs 5,000/= as registration fees; UShs 20,000/= for share contribution; UShs 10,000/= for a savings account and UShs 3,000/= for a pass book. The share capital as at end of April was UShs 14,640,000/= and loan portfolio was UShs 38,427,818/= while the cumulative savings portfolio was UShs 29,368,238/=.

The recovery rate was 94% as at April 2010 while the portfolio at risk was 7% amounting to UShs 2,772,283

The SACCO gives out four loan products: the agricultural loan; education/ school fees loans; business loan and service industry loans.

The agricultural loan is given at a 2.75% per month for 10 months and the loan amount ranges from UShs 300,000/= to UShs 2,000,000

School fees loans, business loans and service industrial loans are all offered at a 2.75% interest rate per month for a period of six months. The loan amount ranges from UShs 300,000/= to UShs 2,000,000

For a member to access the loan one must meet the following requirements.

- Be fully registered with at least a share.
- Be trained by a SACCO in loan management
- Have at least 15% savings of the amount needed.
- Have collateral security such as cows, goats, land, and log book for a car or a motorcycle.

MSC support

- The SACCO received loans from MSC since early 2009.The first loan was a startup loan of UShs 10,000,000 received in March 2009 for a period of two years. Then a business enhancement loan of UShs 10,000,000 was received in August 2009 at a 9% interest rate per annum. The loan period was two years with a grace period of six months. In May 2010, an agricultural loan of UShs 25,000,000 was received for a period of two years at an interest rate of 9% per annum. The SACCO also received some grants from Uganda Rural enterprise cooperative union of UShs 1,500,000 to assist HIV/orphans.

There was a complaint of the delay to access the loan for instance they applied for an agricultural loan of 25,000,000 in Oct 2009 but had not received the money eight month later and no plausible reason had been offered for the failure.

UCSCU supported the SACCO by giving them a filing cabinet, safe, bicycle, motorcycle and salaries. They had also promised to refurbish the building in 2007 but did not do it.

Challenge

- Reluctance by the people to save having lost money through Ms Access microfinance which misused people’s savings to a tune of UShs 38,000,000.

d) Kirika SACCO (Pallisa district)

The SACCO was registered in February 2007. It had 304 fully registered members of whom 199 were male, 89 female, 16 groups/institutions and 2 disabled.

An individual/group is required to pay a total of UShs 37,000/= to become fully registered which includes, UShs 20,000/= for two shares, UShs 5,000/= for membership, UShs 2,000 for ledger card cost and UShs 10,000/= as savings.

The share capital was UShs 14,290,000/= and loan portfolio was UShs 67,210,600/= while the cumulative savings portfolio was UShs 34,385,550/=.

The recovery rate was 60% while the portfolio at risk was 10% of UShs 3,178,500.

The SACCO offers a number of loan products at a 3% interest and a loan period of one to three months. This applies for all loan products including agricultural loans, business loans, school fees loans and emergency loans. The minimum loan amount for both the business loan and the school fees loan is UShs 100,000/= while the maximum amount is UShs 1,000,000.For the agricultural loan, the minimum amount is UShs 100,000 /= while the maximum amount is UShs1, 000,000. The emergency loan depends on the kind of emergency in question. The business loan takes the highest percentage of the loan portfolio.

Support from MSC

The SACCO received two loans from MSC totaling to UShs 25,000,000. The first loan was a startup loan of UShs 5,000,000 for a period of two years at free interest rate. It was received in March 2009.

E) SOROTI ZONAL OFFICE

Soroti zonal office is located in Soroti town and controls five districts of Soroti, Kaberamaido, Amuria, Katakwi and Kumi which is the greater Teso region.

The office has five employees as follows;

- Senior financial services officer
- Financial services officer
- Accounts finance officer
- Administrative assistant
- Logistics assistant

The zonal office covers a large geographical area and therefore five staff members are inadequate to cover the districts covered.

The office has 29 SACCO clients and 1 MFI as shown in table 3.9.7.

Table 3.9.7: SACCOs in Soroti zone

District	**Number of SACCO**
Soroti	6
Kaberamaido	8
Amuria	5
Katakwi	3
Kumi	8
Total	30

Source: Field findings

The Zonal office had a cumulative disbursement of UShs 2.093 billion in the region with outstanding loan balance of UShs 1.232billion as at March 31st 2010. The highest loan value was in Microenterprise of 1.268 billion while other products had the following: agriculture loans UShs 530 million; Start up loans UShs 120 million; business enhancement loans UShs 70 million and GOU loans UShs 105 million.

The 29 SACCOs that have ever accessed MSC services are in 30 sub-counties out of 53 sub-counties in the region representing 55% coverage.

The office offers a number of loan products to the SACCOs and the MFI;

- Micro enterprise loan/ commercial loan at an interest rate of 13%
- Agricultural loan at an interest rate of 9% per annum
- Start up loan at zero interest rate. However, MSC no longer gives out the start up loans.
- Business enhancement loan at interest rate of 9%, and
- GoU loan

The recovery rate was low at 52% and this was attributed to Teso Rural Development Trust ltd (TERUDET) a microfinance institution which failed to pay off the funds borrowed. TERUDET borrowed six loans totaling to UShs 720 million and mismanaged the funds. At the time of monitoring, UShs 320 million had been paid off leaving a balance of 400 million unpaid. The institution had closed business and little efforts had been taken to recover the funds.

The MSC has offered the following services to the clients: carried out two trainings for the SACCO during the FY 2009/10; routine supervision offering technical and support service.

A number of SACCOs that received the GOU loans closed business before paying off the loans. Those that closed include;

Amuria district

- Kapelebyong SACCO
- Morungatony SACCO
- Amuria mutual SACCO

Katakwi District

- Katakwi SACCO
- Akwara
- Kidde Farmers

Kumi District

- Nyero farmers SACCO

Soroti District.

- Kadungulu

Challenges;

- Poor performing SACCOs. Some SACCOs that have ever managed to access MSC services have collapsed and closed business instead of growing stronger to access more services e.g. Kadungulu (soroti District), Koka (Kaberamaido District), Amuria Mutual (Amuria District) and Kide Farmers (Katakwi District). This is a big loss to the community in which they were located. Even those operating, some are weak in terms of governance and management issues and have failed to fulfill MSC requirements to access more funds.
- The attitude of the community towards accessing MSC loans: Folowing the many clamities that have befallen Teso many communities prefer handouts or grants rather than the kind of services offered by MSC. This is even evident in SACCOs that are considered to be active in the area whose loan repayments are quite low.
- Lack of legally registered entities to partner with MSC. There are no strong SACCOS that are able to access MSC services in most of the parts of the region and Katakwi and Amuria districts are the worst hit. The only three SACCOs in Katakwi that have ever accessed MSC services have all defaulted and closed business. On the other hand, in Amuria district only Asamuk and Wera SACCOs are active with MSC loans.
- The level of formation of SACCOs in the region is quite low with some districts almost having no active SACCO as mentioned above.
- They have had destructive political statements from political leaders in the past towards MSC activities in the region that its money from government and hence no need to be paid back. The SACCOs that believed such statements eventually closed business but did not only did they lose on accessing MSC services but also lost members' savings and membership eventually especially Murungatuny and Amuria Mutual SACCOs which are both in Amuria District.

During monitoring, a number of beneficiary SACCOs were sampled and visited asdetailed below.

a) OTUBOI SACCO(Kaberamaido district)

The SACCO started in 2005.

There are four members of staff comprising of the manager, cashier, loans officer and a security guard. There are 724 fully registered members of which 261 members are male and 463 are female.

To be considered a fully registered member, a total of UShs 30,000/= must be paid comprising of: entrance fee, UShs 5,000/=; stationary-2000/=; one share – 10,000/=; account opening – 10,000/=; bank charge – 2,500/= and a file – 500/=.

The SACCO's savings portfolio as at end of April was UShs 11,406,100/=, and loan portfolio, UShs 25,600,000/= while the share capital was at UShs 14,210,000/=.

Commercial loans are the majorly issued loans at an interest rate of 3% per month. The loan amount is in two categories that is UShs 100,000/= – 400,000/=, that is given for a period of four months and UShs 400,000/= – 1,000,000 for a maximum period of ten months.

The recovery rate was 79% as at 31st March 2010.

Support from MSC

- The SACCO received a commercial loan of 5,000,000 in 2005 at 9% interest rate which was paid off and a second loan of 10,000,000 as start up loan at no interest rate for a period of eighteen months.
- The SACCO staff and board members were trained in short courses on governance and financial management.

Challenges with regard to MSC

- Lack of funds for transport and allowances to enable the staff and board members attend the workshops/ trainings.
- Unwillingness by the borrowers to pay back the loans on assumption that the funds are meant for "prosperity for all'' and therefore it is free money.

Otuboi SACCO is one of the SACCOs where disabled persons benefited. One disabled person received a commercial loan of UShs 600,000. The loan was being effectively serviced.

b) ODONGAI SACCO (Kaberamaido district)

Odongai SACCO found in Kaberamaido district is managed by six members of staff comprising of; the manager, cashier, three credit officers and an internal auditor.

Office premises of Odongai SACCO

It was registered on the 1st of March 2006 under reg no 7557/RCs. There were 903 fully registered members as at end of March 2010 of which 508 were male, 288 female and 2 disabled persons. To be considered a fully registered member, a total of UShs 29,500/= is paid together with two passport photographs. The payment includes membership fee of UShs -10,000/=, a share of Ushs 10,000/=, savings opening account – Ushs 5,000/=, stationary UShs 3500/= and a file of 1000/=

The savings portfolio as at end of April was at UShs 99,690,133/=, loans portfolio was also at 244,852,800/= while the share capital was at UShs 55,370,000/=. The portfolio at risk was high standing at 67%. This means that the SACCO is not performing well in terms of loan recovery.

The SACCO offers two loan products to the clients; the commercial loan at 4% interest rate per month with a loan period ranging from 4 – 12 months. The loan amounts given range from UShs 500,000-2,000,000.

School fees loan at a 4% interest rate per month with a loan period of 4 – 12 months. The minimum loan amount is UShs 500,000 and maximum amount was Ushs 2,000,000. The 4% interest per month means that the interest rate per annum is 48%.

Support from MSC

Odongai received a total of UShs 50,000,000 million in March 2009 broken into three loans of UShs 10.000,000 as start-up loan at no interest; UShs 10,000,000 for a business enhancement loan at a 13% interest per annum and UShs 30,000,000 for the agriculture loan at 9% interest. The loan period was for two years. The loan repayment was on schedule.

c) Ejok Edeke SACCO

Ejok Edok SACCO is found in Soroti district and is managed by five staff members; the manager, accountant, secretary, credit officer and a guard.

It was registered on the 10th of May 2006. The SACCO had 358 registered members of which 222 are male, 114 female and 22 groups. To be fully registered, one has to pay a total of UShs 42,000/= of which UShs10, 000/= is for account opening, UShs10, 000/= for registration, UShs 20,000/= for one share and a pass book at UShs 2,000/=.

Ejok Edeke SACCO's share capital was UShs 17,475,000/= and savings portfolio of UShs 12,968,922/=while the loan portfolio was UShs 54,791,550/=.

The SACCO offers a number of loan products;

- Business loan offered at a 3% interest per month for a period of 4 – 8 months with a minimum loan amount of UShs 200,000/= while the maximum loan amount is UShs2, 000,000.
- The agricultural loan is given at a 3% interest per month with a loan period of 4- 8 months and the minimum loan amount being UShs 300,000/= while the maximum is UShs 600,000/=.
- The school fees loan offered at a 3% interest per month for a period of 4 – 8 months and a minimum loan amount of UShs 200,000/= while the maximum is UShs 1,000,000.

The recovery rate was 25% and the portfolio at risk was 68%. The recovery rate of the funds disbursed was poor.

Support from MSC

The SACCO received a loan amount of UShs 30,000,000 as startup loan, business loan and agriculture loan in equal installments of UShs 10,000,000. According to the manager of the SACCO, processing the loan took two months.

The staff and board members were trained in 2009.

Support from UCSCU

The SACCO received two bicycles, two calculators, a filing cabinet and a safe. They have been receiving salaries from UCSCU till September 2009 when the payment stopped.

d) Soroti teachers SACCO (Soroti district)

The SACCO is found in Soroti district and started operations in 2003. It was registered on 20th September 2004. There are 961 fully registered members of whom 457 are female and 504 male and a teacher's association. To be fully registered, a total of UShs 57,000/= is paid comprising of membership UShs 5,000/=, pass book UShs 2,000/= and a share contribution of UShs 50,000/=. Other requirements include; a valid identity card, three passport photos and one has to be a teacher by profession.

The share capital as at 30th march 2010 was UShs 120,193,000/= and cumulative savings portfolio of UShs 44,527,296/= while the loan portfolio was UShs236, 615,112/=. The recovery rate was 10% which was a sharp fall from 95% in August 2008. According to the manager, this was caused by the change in salary payments whereby teachers now receive salaries directly into their bank accounts via EFT. This makes it difficult for the SACCO to recover the loan installments from the borrowers. As a result, the SACCO wrote to Ministry of Public Service requesting them to make deductions from individual teachers' salaries but it did not work out. The strategy is now to convince the borrowers to pay cash on receipt of their salaries though most teachers are reluctant to service the loans. This raised the portfolio at risk to 80%.

Office premises of Sorioti teachers SACCO

The SACCO offers a number of loan products which include; solar loan, asset acquisition loan, school fees loan, commercial loan and agricultural loan that are offered at a 2.5% interest rate per month. This translates into an interest rate of 30% per annum.

Solar loans have a minimum amount UShs 200,000/= while the maximum amount is UShs 2,000,000. Asset acquisition loans are offered for a period of two years, the minimum loan amount being UShs 2,500,000 while the maximum loan amount is UShs 5,000,000.

School fees loans are for a period ranging from 3 – 12 months at a minimum amount of UShs 200,000/= and maximum of UShs2, 000,000. Commercial loans have a minimum amount of UShs 200,000/= and maximum amount of UShs2, 000,000. Agricultural loans are for a period of two years with a minimum amount of UShs 200,000/= and maximum amount of UShs 2,000,000

It was noted that commercial and school fees loans have equally the biggest share of the loan portfolio.

Support from MSC

The SACCO received six commercial loans totaling to UShs 198,000,000 from MSC since 2005 as listed in table 3.9.8. The entire loan portfolio was UShs 236, 615,112.

Table 3.9.8: The loans obtained from MSC by Soroto Teachers SACCO

Year	**Loan type**	**Amount(millions)**	**Interest rate P.A**	**comments**
Sept 2005	commercial	10,000,000	13 %	Two years loan with a grace period of six months
Feb 2006	GOU loan	5,000,000	9%	Three years loan grace period of six months.
April 2006	Commercial loan	10,000,000	13%	Two years loan with grace period of six months
Dec 2006	Commercial loan	50,000,000	13%	Two years loan
Nov 2007	Commercial loan	60,000,000	13%	Two years loan
Sept 2008	Commercial loan	63,000,000	13%	Two years loan with grace period of six months
TOTAL		198,000,000		

Source: SACCO records

Of the loans granted, the school fees and commercial loans form the highest loan portfolio.

The SACCO managers and the board members were trained in financial management and governance in the year 2009.

Challenge

- Failure to recover the money from the teachers (borrowers) since the EFT system was introduced, whereby the salaries go straight on the client's accounts which makes it hard for the SACCO to make their deductions.

3.9.3 General challenges

The following challenges cut across most of the Zonal offices and SACCOs monitored.

- All the SACCOs monitored had a recovery rate below the recommended MSC recovery rate of 95% that shows that the performance of the SACCOs is not good and this also affects their capacity to borrow funds from the MSC.

- It was noted that the interest rate charged by most SACCOs for most loan products were in the range of 2%- 6% per month (24%- 72% per annum) yet MSC offers the loans at a rate of 9%-13% per annum depending on the loan product. Some SACCO's interest rate of 72% per annum is unrealistic and contributes to the high default rate by its clients.
- Most of the SACCOs are in formation stage while others are inactive and dormant to efficiently manage the funds disbursed to them. Some SACCOs mainly those that received the GOU loans of UShs 5,000,000 in 2006 closed operations after accessing the funds leading to high default rate.
- Some SACCOs have poor systems/ procedures and documentation of records. In some instances the loan agreements are not kept in a single file or place while at times the forms lack adequate information to capture all the necessary details of the clients.
- Recovery rate of the loans is a big challenge by those who borrow and fail to repay the loans in time or at all. Some borrowers believe that the money is free money. Some members are multiple borrowers who borrow from different financial institutions presenting the same security. In the long run, when it's time to pay back, it becomes very hard to do so because they are unable to raise the money at the same time. There are also incidences of deaths of the members.
- Interference by some politicians who have misled the community by telling them to go for free money at the SACCOs and therefore some people join the SACCOs to get the free money from government. This has also hindered the growth of the SACCOs.
- Many SACCOs collude with their Accountants/ Auditors to submit falsified financial statements to access loans from the MSC.
- The community has also been conned of their hard earned savings by "fake institutions" which closed operations after collecting funds from the savers. According to a number of the SACCO Managers interviewed, it has become increasingly difficult to mobilize members because some of them lost money through other SACCOs which cheated people. It is now difficult to convince people to join the SACCOs because of their past experiences.
- Lack of proper governance structures and financial impropriety by some managers in a number of the SACCOs leading to lack of trust by the members thereby affecting membership growth, low/poor savings and share capital.
- Conflict of interest by the board members who borrow money and fail to pay back. The same applies to politicians who borrow money and fail to pay back. Loans are at times given to the board members without going through the loans committee and most of the loans are not secured which makes it difficult to recover them. It has also become increasingly difficult for the staff members to recover the money from the board members and politicians for fear of loss of their jobs.
- A number of SACCOs lack adequate means of transport which they can use to reach out to the community. Those who have received the bicycles are slow and therefore it takes them long time to move from one place to another and hence there is need for motor cycles for those SACCCOs that have proven good performance.
- Some SACCOs do not receive salary top up from UCSCU and the amount they afford to pay to the staff is meager. This in a way has affected the morale of the staff. Further most

SACCOs stopped receiving financial support from UCSCU in Dec 2009 and no plausible reason was given.

- Lack of information and data management devices like computers, type writers, printers, photocopiers to meet customer needs. This was a case for most of the SACCOs.
- A number of SACCOs complained that getting the maximum liability from ministry of trade is very tedious. There was a general complaint that the District commercial officers always complicate the process of getting the maximum liability.
- Poor loan appraisal by the SACCO managers and loan committee leading to high default and poor servicing of MSC loans.
- Competition from other Micro finance institutions that have more funds than the SACCOs. They also have a variety of products to offer to the customers and therefore have captured a large market share as compared to the SACCOs. Some of them give out instant loans at a lower interest rate and therefore are able to out-compete the SACCOs.
- Delayed receipts of funds from the MSC for instance Budaka rural enterprise SACCO complained that it had taken them over nine months without receiving a loan of UShs 25,000,000 applied for in October 2009

3.9.4 Recommendations

- MSC should plan to increase the number of staff at the zonal offices as the current number of five is too small to effectively handle the activities.
- SACCOs should be guided on the range of interest rate charged to their customers which range from 2% -6% per month (4%- 72% per annum) that is high and has lead to high default rate. The interest rate charged by SACCOs is too high compared to the interest rate charged by MSC which is zero to 13% per annum.
- MSC should train the staff and board members of the SACCOs in developing the guidelines of loan products and appropriate loan forms. The training program should be intensified to sensitise the community stakeholders including religious leaders, political leaders, civic leaders and the SACCO leadership to improve on the awareness levels of MSC services.
- MSC should train the District commercial officers to carry out competent and satisfactory SACCO audits and expeditious processing of the maximum liability forms.
- MSC should take legal action against defaulters to deter the culture of defaulting that is cropping up especially in SACCO that have overdue loans of over 365 days and SACCOs that got GoU loans but did not pay back
- MSC should constantly offer the technical support and constant supervision of the activities of the SACCOs to enable them enhance on their performance.
- Continue to follow up the weak SACCOs in a bid to revive them in collaboration with UCSCU and other Stakeholders.
- There should be increased disbursements of financial services to qualifying SACCOs/ MFIs/ SMEs

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ANNEX 3.1: COMMITTED FUNDS FOR WORKS UNDER NATIONAL LIVESTOCK PRODUCTIVITY IMPROVEMENT PROJECT JUNE 2010

				CONTRACT DETAILS			PAYMENTS			BALANCE		
Lot	**Contractor**	**District**	**Particulars**	**Contract amount**	**ADB amount**	**GOU Amounts (VAT)**	**ADB**	**GOU VAT**	**TOTAL**	**ADB**	**GOU (VAT)**	**TOTAL**
Lot 1	Mwizi	Kiruhura	Ruhengyere water works	1,055,096,593	894,149,655	160,946,937.90	498,973,291	-	498,973,291	395,176,364	160,946,938	556,123,302
Lot 2	Mulowoza	Kiruhura	Ruhengyere roads and bushes	1,754,678,094	1,487,015,334	267,662,760.12	680,082,543	-	680,082,543	806,932,791	267,662,760	1,074,595,551
Lot 3	Azu	Kamuli	Kasolwe water works	651,554,169	541,530,344	97,475,461.92	407,156,165	-	407,156,165	134,374,179	97,475,462	244,398,004
Lot 4	Liberty	Kamuli	Kasolwe roads and bushes	1,144,069,240	969,550,203	174,519,036.54	484,774,582	-	484,774,582	484,775,621	174,519,037	659,294,658
Lot 5	Kenvin	Bushenyi	Nyakabirisi S/shed	563,288,181	477,362,865	85,925,315.70	429,583,323	-	429,583,323	47,779,542	85,925,316	133,704,858
Lot 6	Ambitious	Ibanda	Mkts, dips and crushes	529,585,956	448,801,658	80,784,298.44	355,173,537	-	355,173,537	93,628,121	80,784,298	174,412,419
Lot 7	Remmy	Isingiro	Mkts, dips and crushes	545,679,785	462,440,496	83,239,289.28	436,452,004	-	436,452,004	25,988,492	83,239,289	109,227,781
Lot 8	Jami Construction Ltd	Kamwenge	Mkts, dips and crushes	374,303,139	317,206,050	57,097,089.00	38,823,537	-	38,823,537	278,382,513	57,097,089	335,479,602
Lot 9	Malt	Mubende	Mkts, dips and crushes	289,130,186	245,025,581	44,104,604.58	127,576,641	-	127,576,641	117,448,940	44,104,605	161,553,545
Lot 10	Broadway	Kibooga	Mkts, dips and crushes	361,495,583	306,352,189	55,143,394.02	149,208,534	-	149,208,534	157,143,655	55,143,394	212,287,049

Lot 11	B & T	Kyenjojo	Mkts, dips and crushes	695,964,140	589,800,119	106,164,021.42	128,922,402	-	128,922,402	460,877,717	106,164,021	567,041,738
Lot 12	Mini Max	Masindi	Mkts, dips and crushes	413,007,567	350,006,413	63,001,154.34	259,329,690	-	259,329,690	90,676,723	63,001,154	153,677,877
Lot 13	Ishaka	Ntungamo	Mkts, dips and crushes	600,846,236	509,191,725	91,654,510.50	466,036,844	-	466,036,844	43,154,881	91,654,511	134,809,392
Lot 14	RESCO	Kayunga	Mkts, dips and crushes	114,563,516	97,087,725	17,475,790.58	91,188,962	-	91,188,962	5,898,763	17,475,791	23,374,554
Lot 15	Tabula	Luweero	Mkts, dips and crushes	348,301,869	295,171,075	53,130,793.50	213,731,612	-	213,731,612	81,439,463	53,130,794	134,570,257
Lot 16	Ndora	Nakaseke	Mkts, dips and crushes	612,297,445	518,896,140	93,401,305.20	344,348,307	-	344,348,307	174,547,833	93,401,305	267,949,138
Lot 17	Mubiko	Nakasongola	Mkts, dips and crushes	635,144,431	538,257,992	96,886,438.56	232,004,096	-	232,004,096	306,253,896	96,886,439	403,140,335
Lot 18	Rohi	Kamuli and Kaliro	Mkts, dips and crushes	562,206,472	476,446,163	85,760,309.34	390,423,568	-	390,423,568	86,022,595	85,760,309	171,782,904
Lot 19	Wako	Sembabule	Mkts, dips and crushes	655,518,164	555,523,868	99,994,296.24	400,097,344	-	400,097,344	155,426,524	99,994,296	255,420,820
Lot 24	Mukal	Kaberamaido and Kaabong	Mkts, dips and crushes	1,198,774,811	1,015,910,857	182,863,954.26	72,630,200	-	72,630,200	943,280,657	182,863,954	1,126,144,611
Lot 25	Mogen	Katakwi and Amuria	Mkts, dips and crushes	256,982,440	217,781,729	39,200,711.22	190,727,915	-	190,727,915	27,053,814	39,200,711	66,254,526
Lot 26	TK	Amuria	Mkts, dips and crushes	586,900,052	497,372,925	89,527,126.50	384,492,420	-	384,492,420	112,880,505	89,527,127	202,407,632
Lot 29	Coil	Bukedea and Kumi	Mkts, dips and crushes	905,720,151	767,559,450	138,160,701.00	570,233,230	-	570,233,230	197,326,220	138,160,701	335,486,921
Lot 30	Kanyangarang	Nakapiripirit and Moroto	Mkts, dips and crushes	857,810,685	726,958,208	130,852,477.44	267,222,667	-	267,222,667	459,735,541	130,852,477	590,588,018
Lot 31	Alliance	Budaaka, Sironhko	Mkts, dips and crushes	682,918,005	578,744,072	104,173,932.96	326,642,035	-	326,642,035	252,102,037	104,173,933	356,275,970

Lot 32	Akia	Lira	Mkts, dips and crushes	911,256,573	772,251,333	139,005,239.94	289,863,028	-	289,863,028	482,388,305	139,005,240	621,393,545
Lot 33	Niyo	Kiruhura	Mkts, dips and crushes	486,334,795	412,148,131	74,186,663.58	200,183,417	-	200,183,417	211,964,714	74,186,664	286,151,378
Lot 36	Buyonyi	Lyantonde	Mkts, dips and crushes	452,845,970	383,767,771	69,078,198.78	164,289,154	-	164,289,154	219,478,617	69,078,199	288,556,816
			TOTAL	**18,246,274,247**	**15,452,310,071**	**2,781,415,813**	**8,600,171,047**	**-**	**8,600,171,047**	**6,852,139,024**	**2,781,415,813**	**9,646,103,200**

Source: NLPIP Coordination Office MAAIF, June 2010.

COMMITTED FUNDS FOR WATER FACILITIES UNDER NLPIP

				CONTRACT DETAILS		
Lot	**Contractor**	**District**	**Particulars**	**Contract amount (US$)**	**ADB amount (US$)**	**GOU Amounts (US$)**
Lot 1 & 2	Spencon	Isingiro, Lyantonde, Rakai, Mubende and Kiboga	Dam construction	8,095,704.56	5,990,821.37	2,104,883.19
Lot 3	Pearl Engineering	Kamuli and Kumi	Dam construction	2,263,523.23	1,675,007.19	588,516.04
Lot 4	Dot Services	Apac and Kitgum	Dam construction	2,772,352.76	2,036,327.97	736,024.79
		TOTAL		**13,131,580.55**	**9,702,156.53**	**3,429,424.02**

Source: NLPIP Coordination Office, MAAIF

Annex 3.2: Status of physical implementation livestock marketing infrastructure – September 2009

Contract	District	Facility	%Progress of work	Overall % Progress
/06-07/01	Kiruhura	1. construction of a water dam (Ruhengyere AGRC)	90	67.46
		2. Rehabilitation of water supply (Ruhengyere AGRC)	44.92	
/06-07/02	Kiruhura	1. Rehabilitation of Firebreaks (Ruhengyere AGRC)	86.4	68.3
		2. Fencing (Ruhengyere AGRC)	12	
		3. Pasture development (Ruhengyere AGRC)	80.00	
		4. Construction of the tyre wash (Ruhengyere AGRC)	59.50	
/06-07/03	Kamuli	1. Contruction of a water dam (Kasolwe AGRC)	49.12	56.04
		2. Rehabilitation of water supply	70.09	
		3. Rehabilitation of dip tank (Kasolwe AGRC)	30.19	
/06-07/04	Kamuli	1. Rehabilitation of firebreakers (Kasolwe AGRC)	60.79	32.91
		2. Fencing (Kasolwe AGRC)	0	
		3. Pasture development (Kasolwe AGRC)	0	
		Construction of the tyre wash (Kasolwe AGRC)	0	
06-07/05	Bushenyi	1. Construction of Nyakabirizi slaughter shed	100	100
		2. Construction of Kirambi livestock market	100	
06-07/06	Mbarara	1. Construction of Mbarara M/C Slaughter shed	100	78.8
		2.Construction of Kyeshama livestock market	77	
	Ibanda	1. Construction of Ibanda T/C Slaughter shed	100	
06-07/07	Isingiro	1. Construction of Busheka livestock market	100	100

		2. Construction of kabingo T/C Slaughter shed	100	
06-07/08	Kamwenge	1. Construction of Kamwenge T/C slaughter shed	52.34	55.60
		2. Construction of Katalyeba livestock market	57.78	
Contract	District	Facility	%Progress of work	Overall % Progress
06-07/09	Mubende	1. Construction of Kiganda livestock market	75	75
/06-07/10	Kiboga	1. Construction of Kiboga T/C slaughter shed	88	55.3
		2. Construction of Kitegwa cattle dip	0.00	
		3. Construction of Mpiita Cattle dip	0.00	
		4. Construction of Lwenkonge cattle crush	90.00	
/06-07/11	Kyenjojo	1. Construction of Ruyonza livestock market	60.57	26.20
		2. Construction of Kyenjojo T/C Slaughter shed	43.74	
		3. Construction of Rwemirondo cattle crush	0	
		4. Construction of Karuhuura cattel crush	0	
		5. Construction of Mukyeeya cattle crush	0	
		6. Construction of Barahija cattle crush	0	
/06-07/12	Masindi	1. Construction of Bwijanga market	85.00	89.3
		2. Construction of Kijunjumbwa cattle crush	100	
06-07/13	Ntungamo	1. Construction of Rwashamaire slaughter shed	100	100
		2. Construction of Rubaare market	100	
06-07/14	Kayunga	1. Construction of Kayunga slaughter shed	100	100
/06-07/15	Luwero	1. Construction of Luwero T/C Slaughter shed	100	95.69
		2. Construction of Kamira Market	90.85	
/06-07/16	Nakaseke	1. Contruction of Ngoma Livestock market	100	100
		2. Contruction of Nakaseke T/C Slaughter shed	100	
/06-07/17	Nakasongola	1. Construction of Kalongo market	87.89	74.15

		2. Construction of Migyera slaughter shed	100	
		3. Construction of Bukabi Kyerindura cattle crush	0.00	
		4.Construction of Kyambogo cattle crush	0.00	
		5. Construction of Nangyere cattle crush	80.00	
Contract	District	Facility	%Progress of work	Overall % Progress
/06-07/18	Kaliro	1. Construction of Kaliro Town Council Slaughter shed	100	100
	Kamuli	2. Construction of Buyende market	100	
/06-07/19	Sembabule	1. Construction of Sembabule T/C slaughter shed	100	92.2
		2. Construction of Ntusi Livestock market	88.0	
/06-07/24	Kaberamaido	1. Rehabilitation of Otuboi livestock market	60.00	45.27
	Kaboong	2. Rehabilitation of Rumumitai livestock market	39.59	
		3. Construction of Kaboong T/C slaughter shed	34.70	
/06-07/25	Katakwi	1. Construction of Usuk slaughter shed	80.04	72.54
		2. Construction of Alikamer cattle dip	79.00	
/06-07/26	Amuria	1. Rehabilitation of Obalanga livestock market	59.00	58.2
		2. Construction of Alirasite slaughter shed	57.00	
/06-07/29	Kumi	1. Construction of Ngora livestock market	100	100
		2. Rehabilitation of Kumi T/C slaughter shed	100	
/06-07/30	Nakapiripiti Moroto	1. Construction of Lolochat livestock market	45.00	44.10
		2. Construction of Nakapiripit slaughter shed	41.00	
		3. Construction of Matany livestock market	48.50	
/06-07/31	Budaka	1. Construction of Iki-Iki livestock market	58.00	58.3
	Pallisa	2. Rehabilitation of Pallisa T/C slaughter shed	60.00	
	Sironko	3. Construction of Sironko T/C slaughter shed	57.00	

/06-07/32	Lira	1. Construction of Abiting livestock market	46.00	36.09
		2. Construction of Alebtong cattle dip	53.00	
		3. Construction of Okwangole cattle crush	25.00	
		4. Construction of Alwango cattle crush	0	
Contract	District	Facility	%Progress of work	Overall % Progress
/06-07/33	Kiruhura	1. construction of Kazo livestock market	20	51.2
		2. Construction of Sanga slaughter shed	100	
/06-07/36	Lyantonde	1. Construction of Kasagama market	72.0	51.2
		2. Construction of Lyantonde slaughter shed	15	

All sites have started work but some have been rated zero because the works have just began and works have not been measured and approved yet.